The Real Estate ANALYST

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Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends....Constantly measuring and reporting the basic economic factors responsible for changes in trends and values.....Current Studies..... Surveys....Forecasts

VOLUME XII

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

RENT CONTROL AND THE POST-WAR BUILDING BOOM

IN the forty-first semi-annual survey of the National Association of Real Estate Boards 75% of the 287 cities reported that rents and values were too low to justify new building. When rents were frozen in most cities at the level of March 1, 1942, they had had little recovery from the low. The cost of building at that time had advanced by a sizable percentage and has continued to advance up to the present. The discrepancy which had already developed in 1942 has become more striking due to the freezing of rents.

Every post-war discussion assumes that new building will get off to a rapid start as soon as the war is over. This assumption is made in spite of the fact that rent control is certain to hold residential rents at their present level for the duration. In view of the constant agitation of labor, no political party could allow rents to rise at a time when wages are theoretically frozen in spite of the fact that the operating costs on real estate have advanced. If rents are held at their present level, a building will not be worth what it cost to build at the conclusion of the war, and if this is the case, building will not have the rapid upsurge which many persons are expecting.

New building in volume results only when the monthly cost of ownership of the new units added to the supply is not out of line with the monthly cost of ownership of units already built. A building boom in the early post-war period will develop only as a result of one or more of the following factors:

1. A drop in building costs. This is not considered probable as the post-war period will be subject to many of the inflationary forces now inhibited by the war.

2. A drop in interest rates. If interest rates were to fall by a large enough percentage and this drop were to be confined to loans on buildings to be built, the resulting reduction in carrying costs might offset the increase in construction costs.

3. A rapid rise in rents and values as soon as rent control is renewed. This will probably be within six months after the close of the war and if rents and values rise fast and far enough, new building will get under way in volume. Undoubtedly during this period the owner of real estate will be classed as a profiteer and a rent gouger but unless the relationship of rents and values to construction costs becomes favorable, only irrational building will take place and irrational building never yet occurred in sufficient volume to be classified as a building boom.

THE MANPOWER PROBLEM

THE chart on the page opposite shows the distribution by occupation of all persons in the United States 14 years of age and over, since 1929 by months. This population is divided into five general groupings. At the bottom of the chart the first grouping, composed of many sub-groups, shows those employed in nonagricultural establishments.

The effect of the big depression of the thirties is quite apparent in this grouping, with the greatest shrinkage in manufacturing employment at that time.

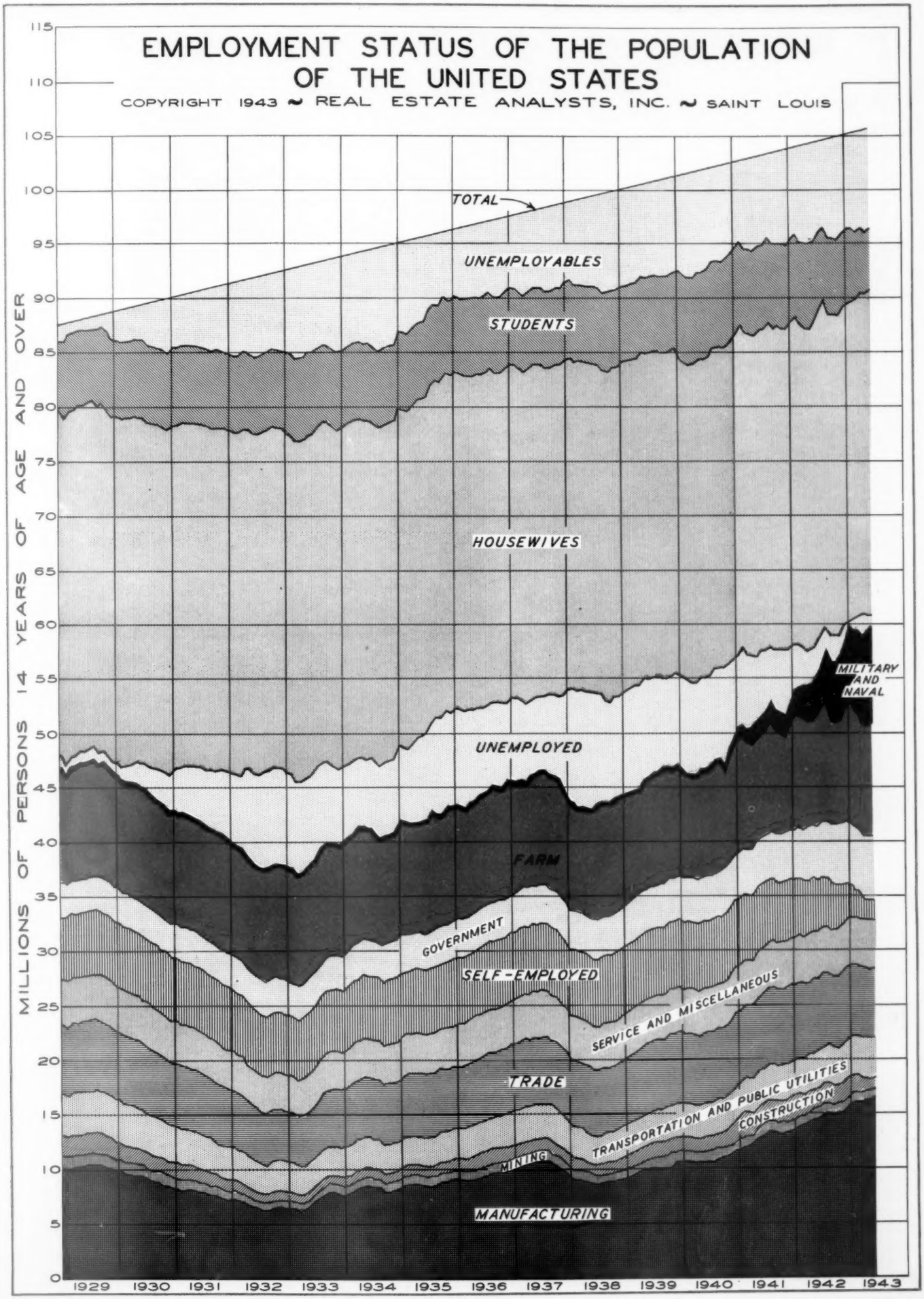
The second grouping from the bottom shows the number employed on all agricultural work and the third grouping shown in blue shows the variation in the number of persons in military and naval occupations. It will be noticed that even after the war broke out in Europe in 1939 no appreciable increase was made in our military forces. Only since the late fall of 1940 have they started to increase. This increase in the recent past has been quite rapid until more than nine million persons are in the military and naval forces. This number will be increased still further during the balance of 1943 and 1944.

The fourth band from the bottom of the chart shows the number of unemployed, including those employed on emergency or "make work" jobs. In 1933 this group numbered 8,300,000. In 1938, after five years of attempted stimulation by the New Deal planners, this group numbered 10,754,000. The number of unemployed, because of war activity, has now shrunk to 800,000, and this represents pretty close to an irreducible minimum. There is always some unemployment due to shifting of population, although the demand for employees may far exceed the supply.

The top band shows those not gainfully employed and not seeking employment. This is divided into several sub-groups. The largest of these groups consists of housewives and undoubtedly further gains in the number of employed will be made largely at the expense of this group, which numbers practically 29 million at the present time. It should be remembered, however, that many persons in this group have small children and cannot very well be taken from the home. The group has shrunk slightly due to the war, but a further shrinkage is to be expected. The average number of persons in school has declined considerably during the last year, and while further great declines are not likely, it is thought that no increases are probable until the end of the war in Europe.

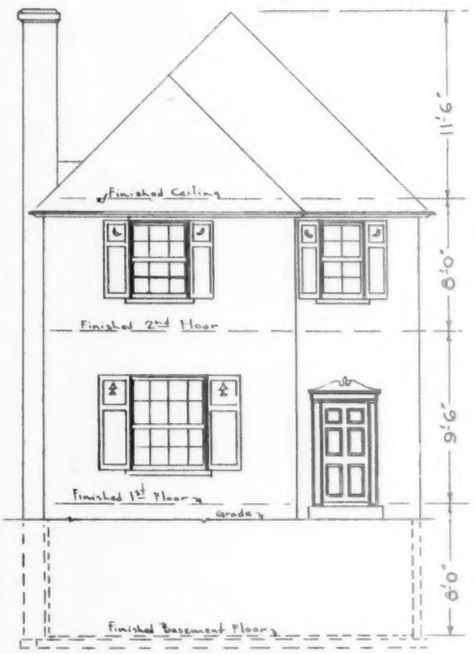
While the manpower problem in the United States seems acute at the present time when measured by past standards, there is no question that our productive forces can be greatly increased should the war take an unfavorable slant with increased production a vital necessity. We have not reached the same extent to which manpower is used in either the countries of our allies or our enemies, in spite of the immense war production in which the United States is now engaged. From the meager information available, it would appear that Great Britain is using the greatest percentage of her manpower in the war.

A greater use of manpower than the present in our war effort would cause greater dislocations to our civilian life; however, our present plans and present war trends will probably not make material increases necessary.


EMPLOYMENT STATUS OF THE POPULATION OF THE UNITED STATES
COPYRIGHT 1943 ~ REAL ESTATE ANALYSTS, INC. ~ SAINT LOUIS
MILLIONS OF PERSONS 14 YEARS OF AGE AND OVER
115
110
105
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
TOTAL
UNEMPLOYABLES
STUDENTS
HOUSEWIVES
MILITARY AND NAVAL
UNEMPLOYED
FARM
GOVERNMENT
SELF-EMPLOYED
SERVICE AND MISCELLANEOUS
TRADE
TRANSPORTATION AND PUBLIC UTILITIES
CONSTRUCTION
MINING
MANUFACTURING
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943

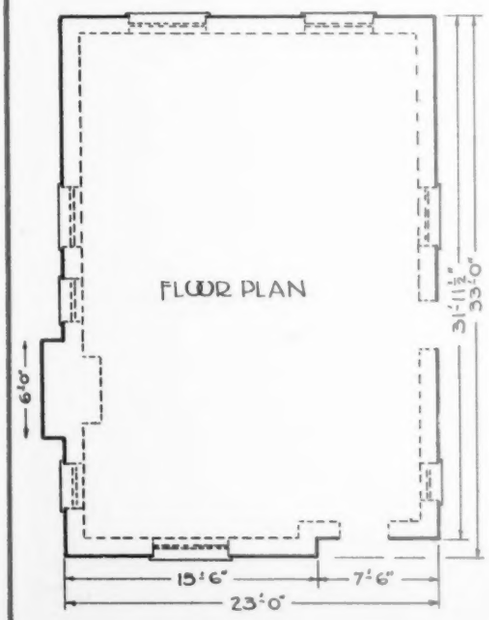
STANDARD METHOD OF DETERMINING CUBIC CONTENT OF A BUILDING

THE American Institute of Architects has defined the standard cubic contents of a building as follows: "The cubic content (cube or cubage) of a building is the actual cubic space enclosed within the outer surface of the outside or enclosing walls, and contained between the outer surfaces of the roof and six inches below the finished surfaces of the lowest floors." This definition requires the cube of dormers, penthouses, vaults, pits, enclosed porches and other enclosed appendages to be included as a part of the cube of the building. It does not include the cube of outside steps, cornices, parapets, open porches, balconies, fire escapes, paved terraces, etc. The cost of these items in using cost per cubic foot approximations should be estimated separately and added to the total.



FRONT ELEVATION

Scale in feet



To secure the cubic content of the building to the right:

1. Compute the number of square feet in the floor plan. For all practical purposes, the chimney offset can be figured as just about balancing off the offset in the front of the building, which would simplify the problem to 23'x 33' = 759 s.f.

2. The height of the building to the roof is the sum of 8'0", 9'6" and 8'0", or 25'6". To this must be added 6", as the measurement is taken from 6" below the finished surface of the floor, making a total of 26'. Therefore, the cubage of the main portion of the building is 26'x 759 s.f. or 19,734 cubic feet.

3. The roof of this building is pyramidal in shape. Therefore the cubical content is determined by multiplying the area of the base by 1/3 of the height. (Were this roof a gable roof, the base area would be multiplied by 1/2 the height to find its cubic content.) The base area of the roof, 751½ square feet, multiplied by 1/3 of 11'6" amounts to 2878 cubic feet. Adding this to the cubage of the main portion of the building makes a total of 22,612 cubic feet. In this building, not shown on the plans reproduced here, is one other item which must be added. The garage was in the basement and a portion of the basement floor, 10½'x 16', was six inches lower than the balance. This increases the cubage 80 feet to a total content for the building of 22,692 cubic feet.

Cubic cost will vary greatly with design. A flat roofed residence without a basement will have a higher cost per cubic foot as the cubage omitted is less expensive to build than the cubage remaining.

RESIDENTIAL BUILDING COST IN 80 CITIES

IN spite of the fact that very little building is taking place, the changes in construction costs are more important to the mortgage lender or to the owner of real estate than any other single factor in the real estate picture. This importance is due to the fact that the value of all buildings now standing will be affected by the cost of the new additions that must be added to the supply. When building costs rise, over the long period the values of buildings already built rise; and if construction costs drop, the values of buildings already existing will drop.

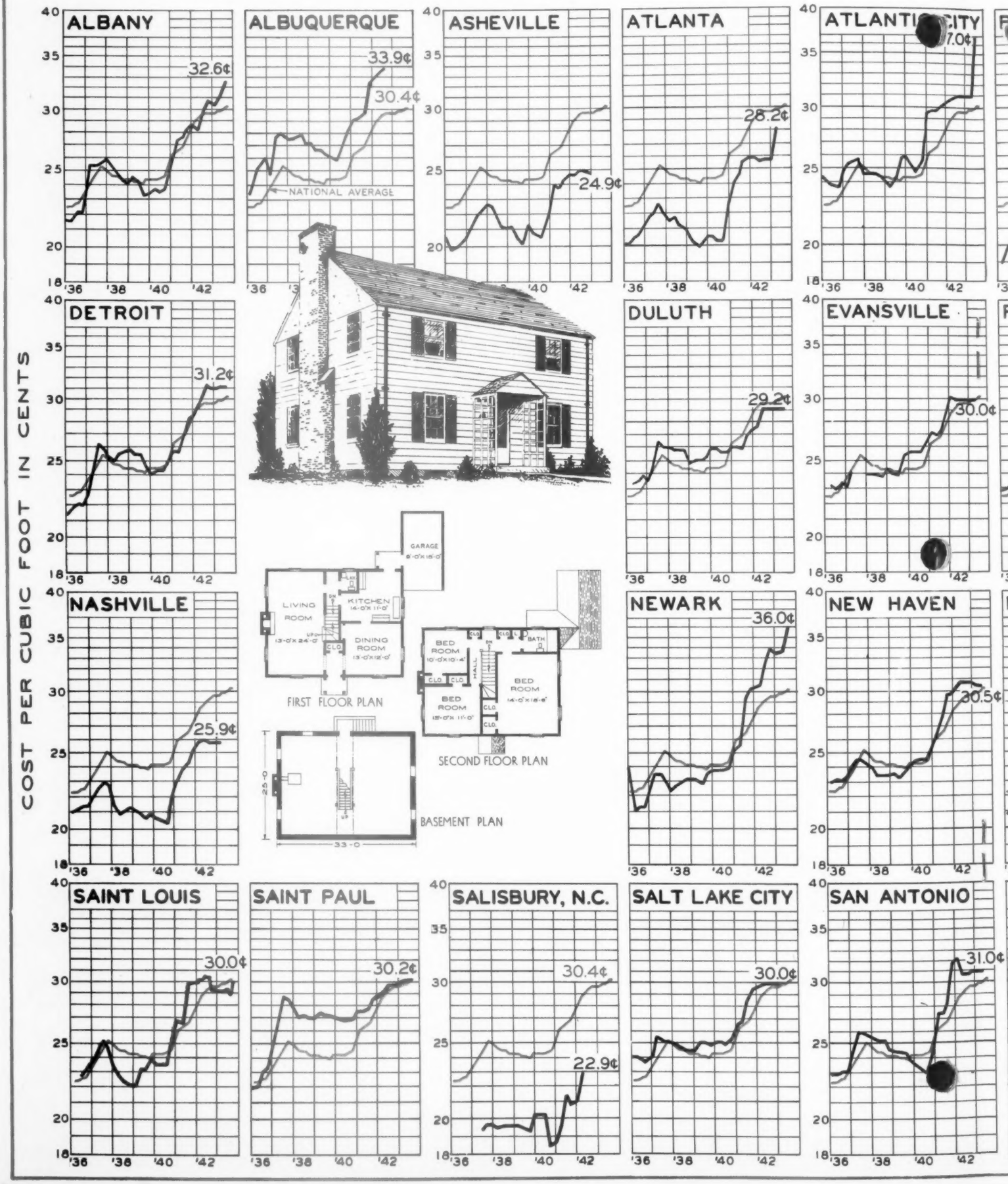
Within a month of the beginning of the present war in Europe Real Estate Analysts, Inc., went definitely on record in its reports that building costs would move sideways for from six months to a year and then would start sharply upward. This forecast was repeated quite frequently in our reports. A glance at the spread on pages 296-299 will show its accuracy.

The figures we have charted on this spread are based on costs compiled by the Federal Home Loan Bank Administration and by Real Estate Analysts, Inc. A house that fits the specifications used in each city is pictured on the spread. Cost figures on the construction cost of this house built in St. Louis are available for thirty years.

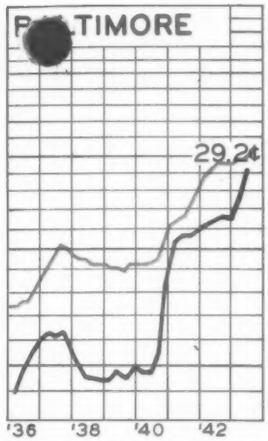
The house pictured is a six-room frame dwelling. The design is simple and efficient. The interior arrangement can be considered fair, and the construction is average in quality. The plans and specifications call for concrete foundations, concrete basement and garage floors; concrete slabs for front and rear stoops; frame exterior walls with 3/4" x 10" redwood siding, with stucco gable ends; three coat plaster walls; oak flooring; pine B & B trim; 1 3/8" six panel #1 pine doors; tile wainscot and floors in bathroom and lavatory; two kitchen cabinets; 266 lbs. asphalt shingle roof with copper gutters and downspouts; modern bathroom fixtures; hot water heat; modern electrical installation; insulation in exterior walls and second floor ceiling. The house is not completed ready for occupancy; it includes all fundamental structural elements, an attached one-car garage, an unfinished cellar and an unfinished attic. It does not include wallpaper nor other wall or ceiling finish on interior plastered surfaces, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades. The cost of the land is not included nor surveying the land, the cost of planting the lot nor of providing walks and driveways. The architect's fee is not included, nor is the cost of a building permit, the financing charges, or the sales cost.

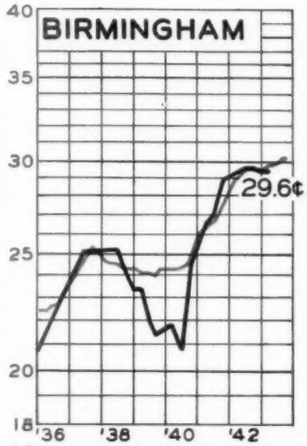
In the thirty years for which these figures are available for the St. Louis house many changes have necessarily been made in the specifications from time to time. Copper guttering, downspouts and flashing have been in and out several times because of the first and second World Wars. Whenever any material was unavailable the best substitute obtainable was figured.

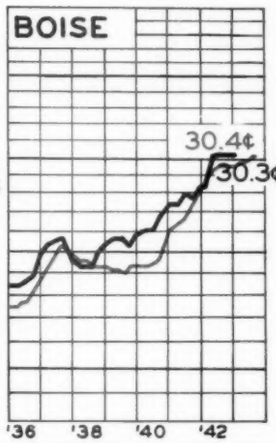
The house pictured would probably not be of an acceptable type for actual construction in all of the cities listed. The specifications have been held the same, however, in all cities, as it is the only way in which a comparison can be made between the various communities. As an indication of actual building costs certain deductions must be made in southern cities. The primary purpose of this series is to show the relative fluctuations in the various cities since 1936.

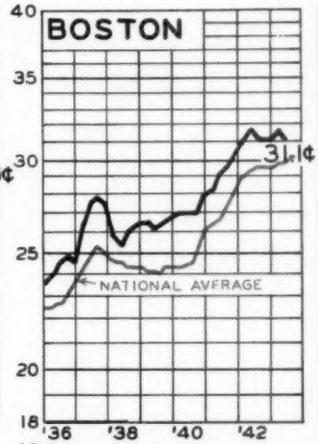

COST PER CUBIC FOOT IN CENTS
ALBANY
32.6¢
ALBUQUERQUE
33.9¢
30.4¢
NATIONAL AVERAGE
ASHEVILLE
24.9¢
ATLANTA
28.2¢
ATLANTIC CITY
27.0¢
DETROIT
31.2¢
DULUTH
29.2¢
EVANSVILLE
30.0¢
NASHVILLE
25.9¢
NEWARK
36.0¢
NEW HAVEN
30.5¢
SAINT LOUIS
30.0¢
SAINT PAUL
30.2¢
SALISBURY, N.C.
30.4¢
22.9¢
SALT LAKE CITY
30.0¢
SAN ANTONIO
31.0¢
'36 '38 '40 '42
18 20 25 30 35 40
GARAGE
LIVING ROOM
KITCHEN
DINING ROOM
FIRST FLOOR PLAN
BED ROOM
BATH
HALL
SECOND FLOOR PLAN
BASEMENT PLAN

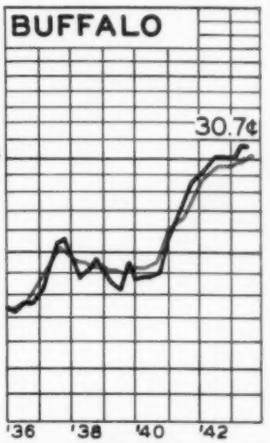
FLUCTUATIONS IN CONSTRUCTION CO

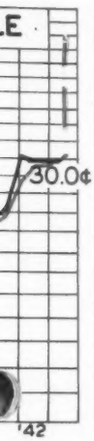


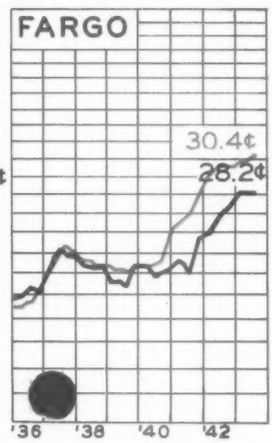


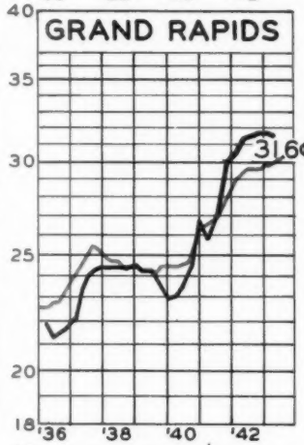


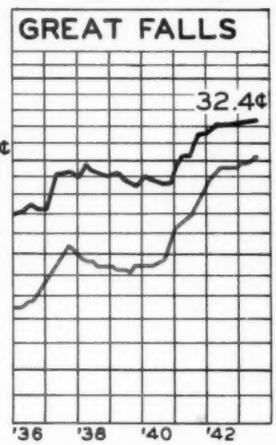


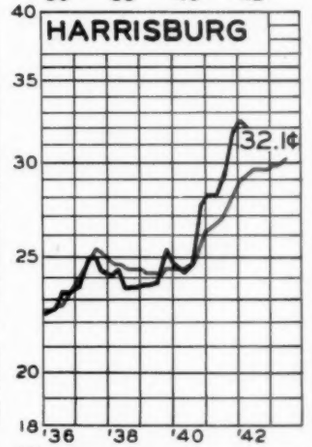


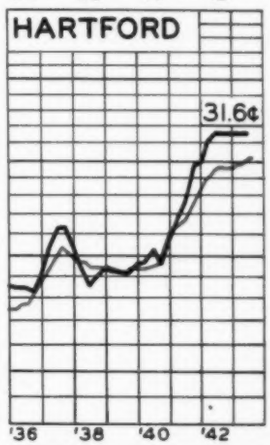


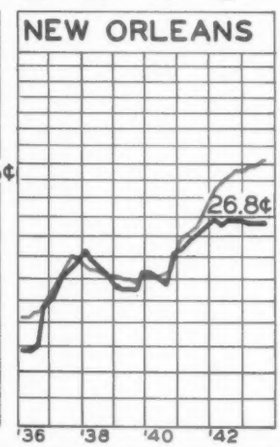


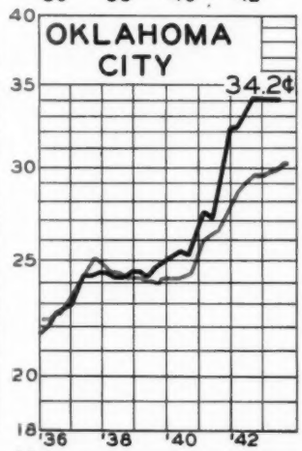


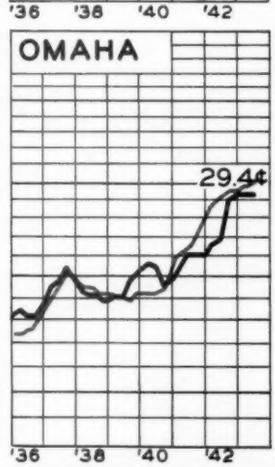


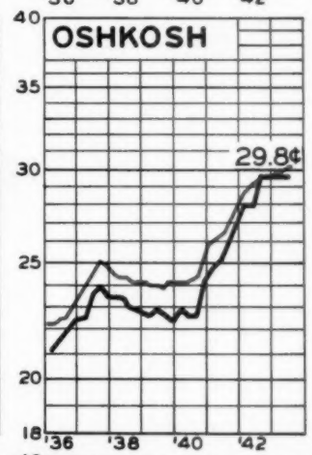


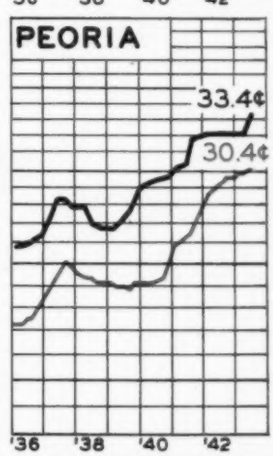


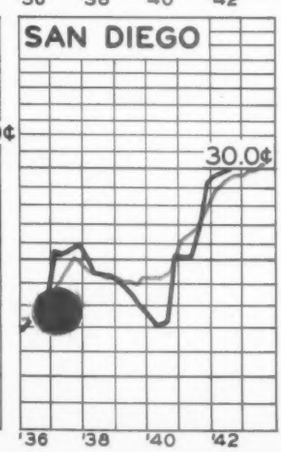


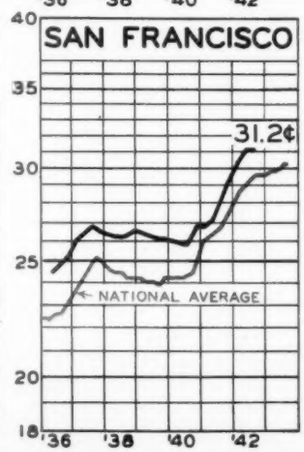


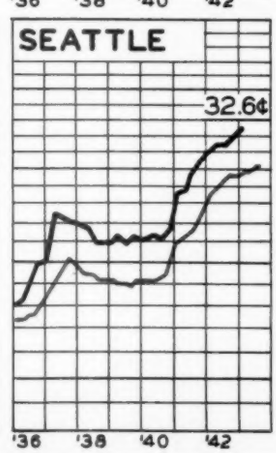


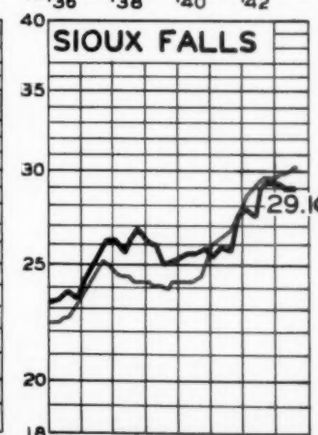


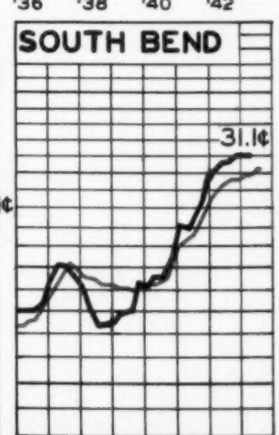


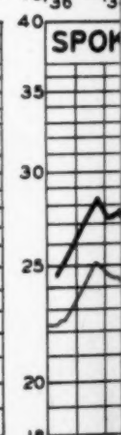






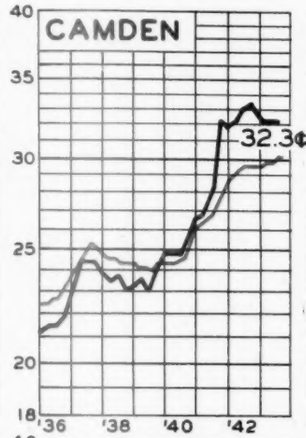


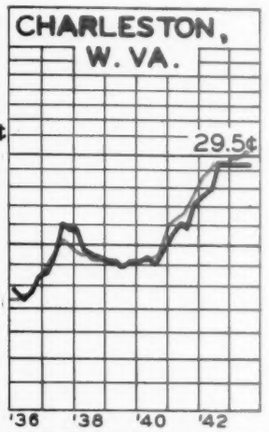


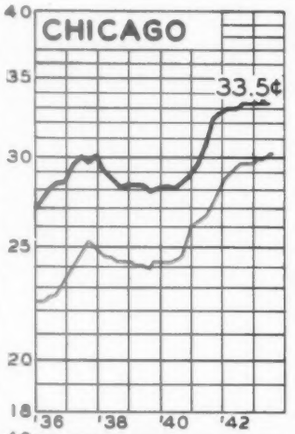


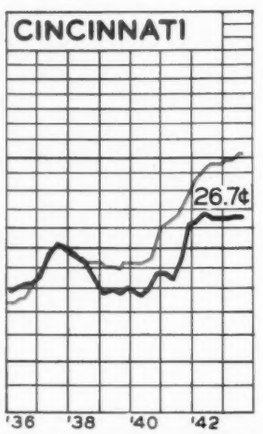
ON COSTS PER CUBIC FOOT IN 80 CITIES

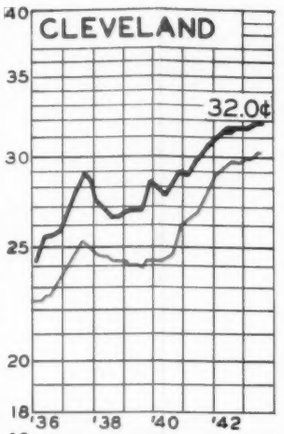
ESTATE ANALYSTS, INC. SAINT LOUIS

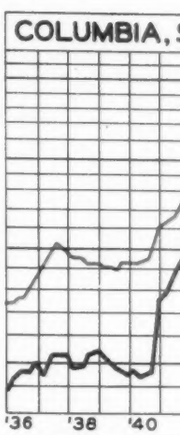


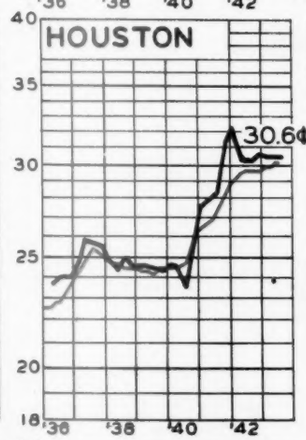


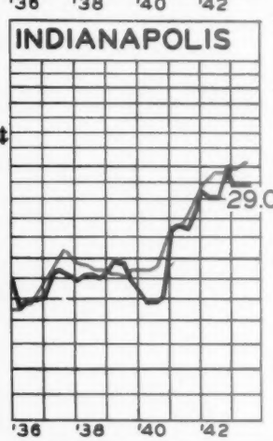


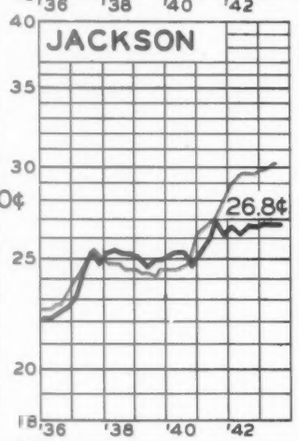


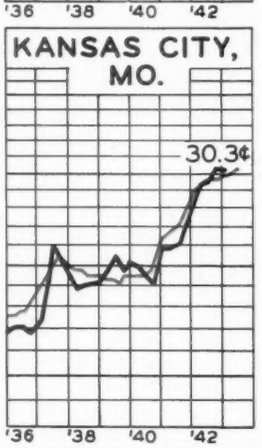


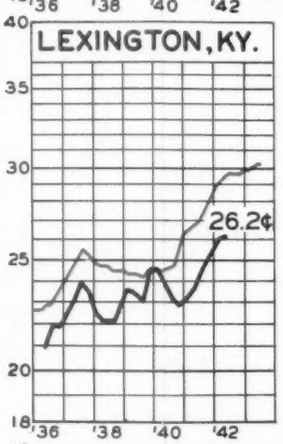


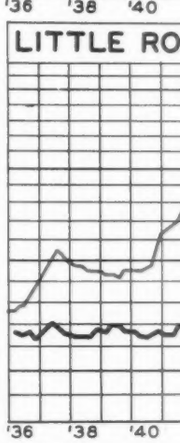


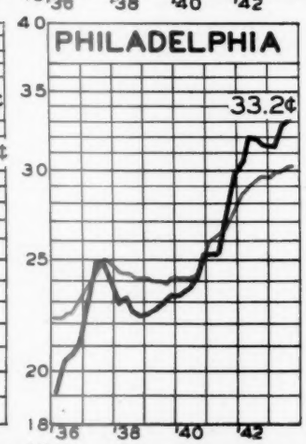


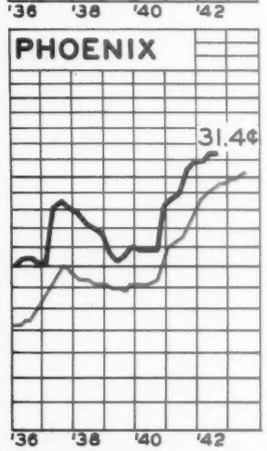


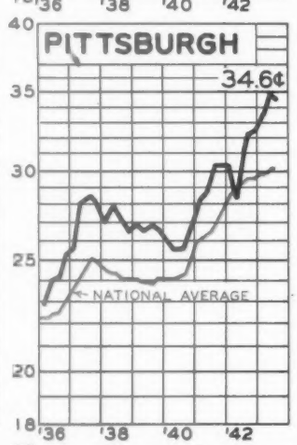


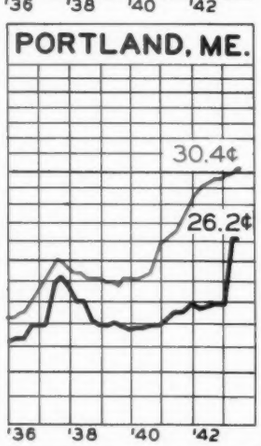


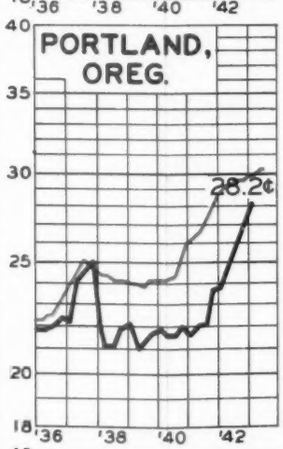


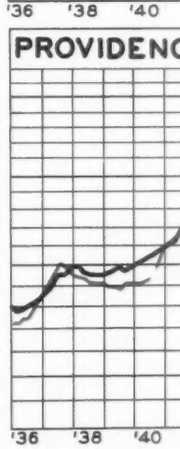


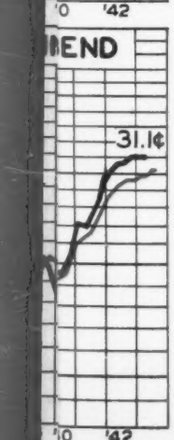


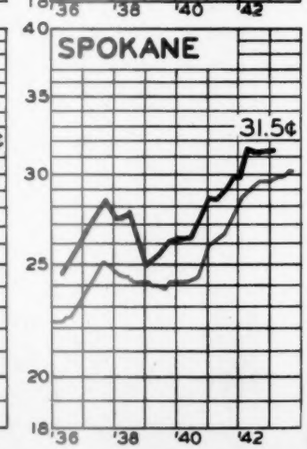


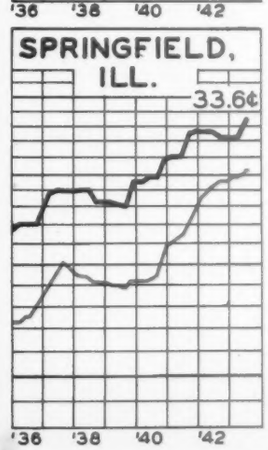


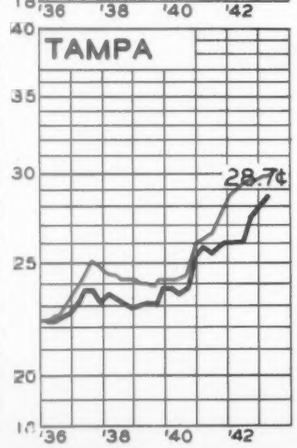


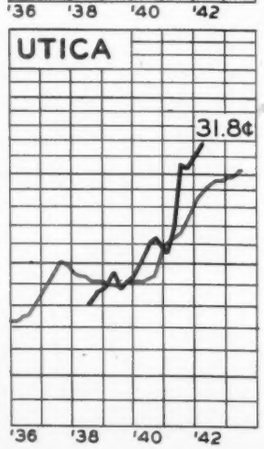


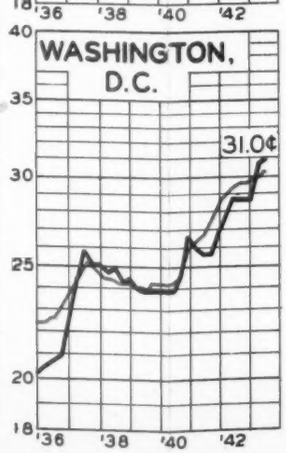


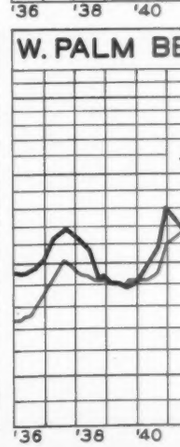












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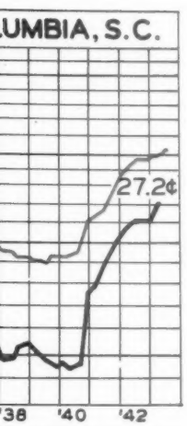
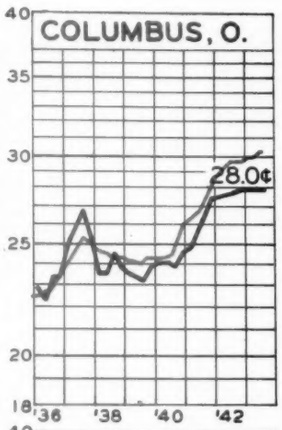
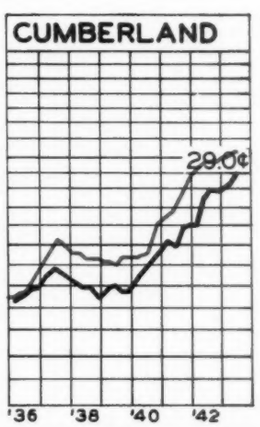
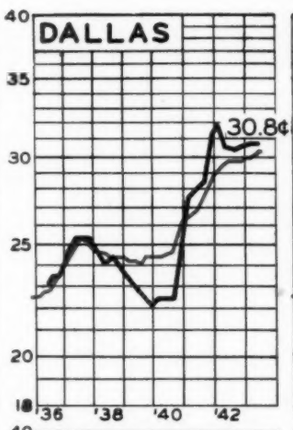
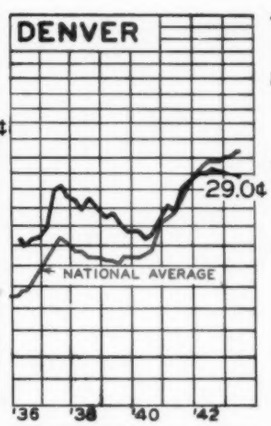
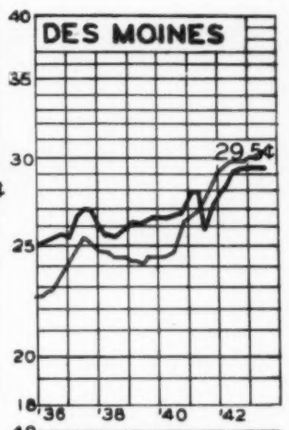

UMBIA, S.C.
27.2¢
'38 '40 '42

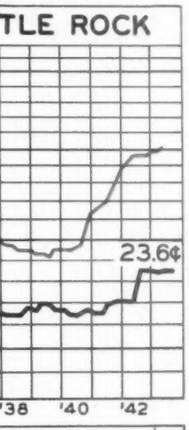

COLUMBUS, O.
28.0¢
40 35 30 25 20 18
'36 '38 '40 '42

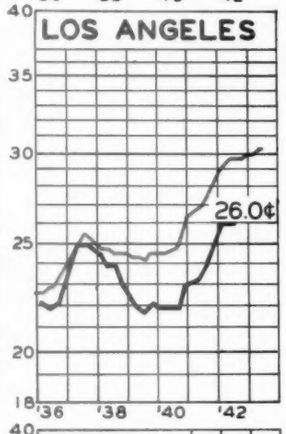

CUMBERLAND
29.0¢
'36 '38 '40 '42

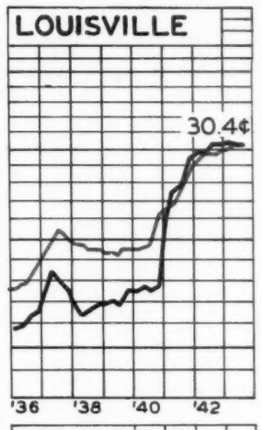

DALLAS
30.8¢
40 35 30 25 20 18
'36 '38 '40 '42

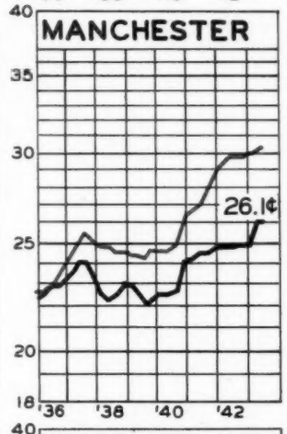

DENVER
29.0¢
NATIONAL AVERAGE
'36 '38 '40 '42

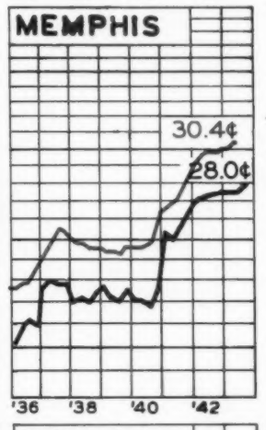

DES MOINES
29.5¢
40 35 30 25 20 18
'36 '38 '40 '42

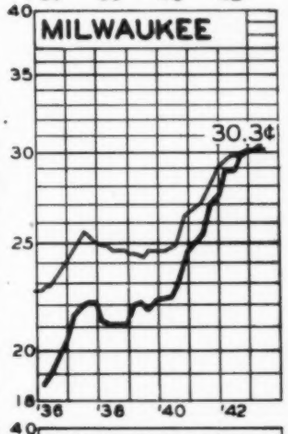

TLE ROCK
23.6¢
'38 '40 '42

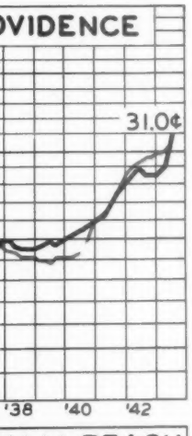

LOS ANGELES
26.0¢
40 35 30 25 20 18
'36 '38 '40 '42

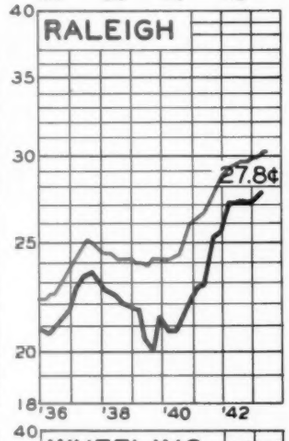

LOUISVILLE
30.4¢
'36 '38 '40 '42

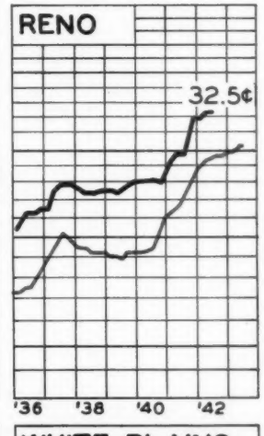

MANCHESTER
26.1¢
40 35 30 25 20 18
'36 '38 '40 '42

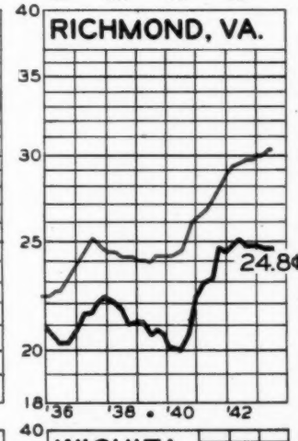

MEMPHIS
30.4¢
28.0¢
'36 '38 '40 '42

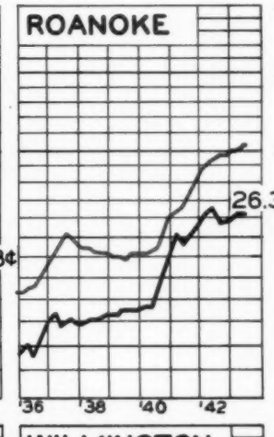

MILWAUKEE
30.3¢
40 35 30 25 20 18
'36 '38 '40 '42

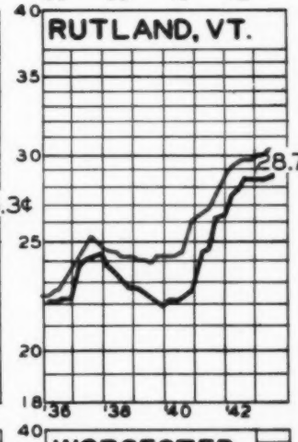

OVIDENCE
31.0¢
'38 '40 '42


RALEIGH
27.8¢
40 35 30 25 20 18
'36 '38 '40 '42

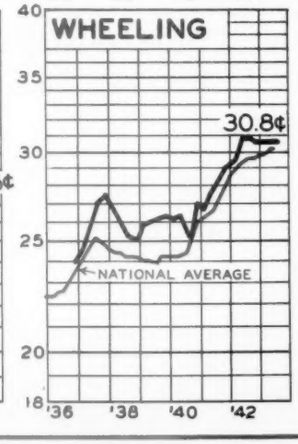

RENO
32.5¢
'36 '38 '40 '42

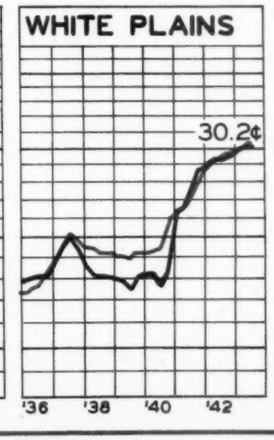

RICHMOND, VA.
24.8¢
40 35 30 25 20 18
'36 '38 '40 '42

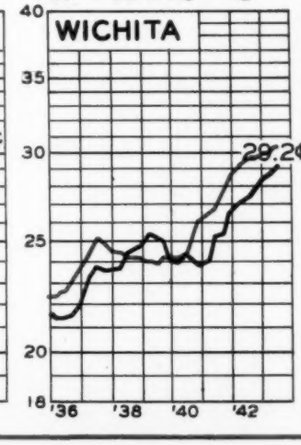

ROANOKE
26.3¢
'36 '38 '40 '42

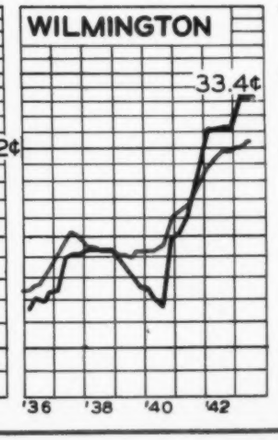

RUTLAND, VT.
28.7¢
40 35 30 25 20 18
'36 '38 '40 '42

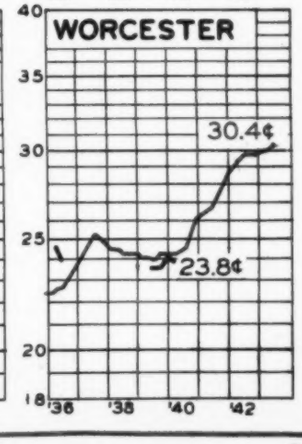

ALM BEACH
30.4¢
28.5¢
'38 '40 '42

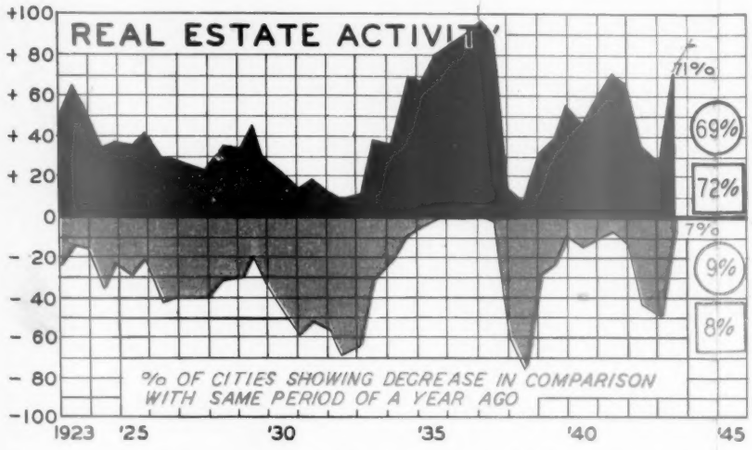

WHEELING
30.8¢
NATIONAL AVERAGE
40 35 30 25 20 18
'36 '38 '40 '42


WHITE PLAINS
30.2¢
'36 '38 '40 '42


WICHITA
29.2¢
40 35 30 25 20 18
'36 '38 '40 '42

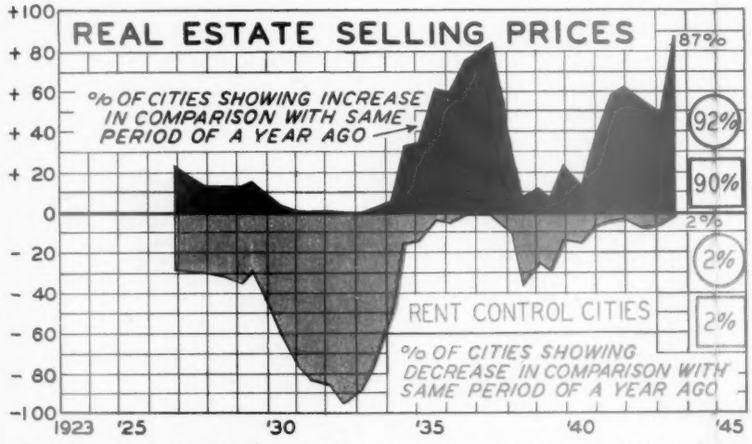

WILMINGTON
33.4¢
'36 '38 '40 '42


WORCESTER
30.4¢
23.8¢
40 35 30 25 20 18
'36 '38 '40 '42

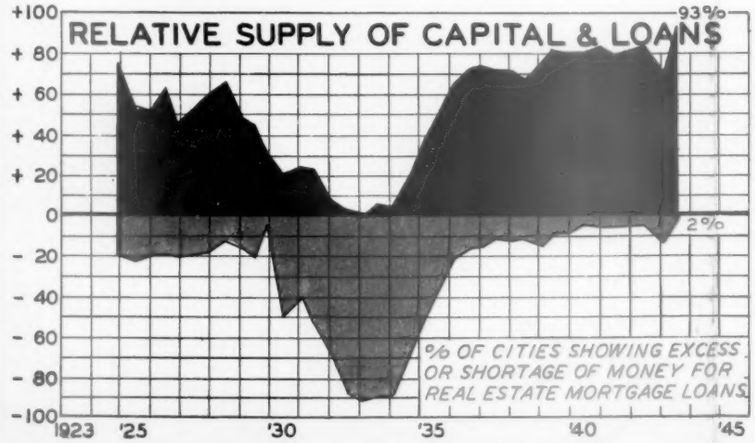


THE results are now available from the forty-first semi-annual survey of the real estate market by the National Association of Real Estate Boards. Replies were secured from real estate boards in 287 cities.

The charts on this and the following pages show in blue the percentage of cities reporting improved conditions in comparison with a year ago, and in red the percentage of cities reporting conditions worse than a year ago. The percentage of cities in which conditions are estimated to be just equal to those prevailing a year ago for any item can be derived by adding the increases and the decreases together and subtracting from 100. The figures given in the circles on the chart are for rent control cities only and the figures given in the squares are for war industry areas only. Real estate activity, in spite of rent control and limitations on sales, is greater than a year ago in 71% of all reporting cities and is below a year ago in only 7% of the reporting cities. This is a very marked increase from the report of six months ago and is the sharpest increase during the past 20 years. The increase following the Armistice of the First World War was considerably greater.



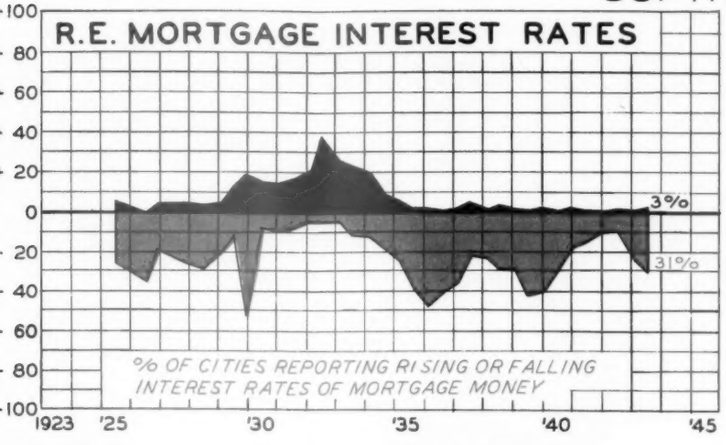
Real estate selling prices are above a year ago in 87% of all cities and are below a year ago in only 2% of all cities. The median rise is 12%. 92% of the rent control cities report selling prices higher than a year ago in spite of rent control and 90% of the war industry cities report selling prices above a year ago. As a rule, price rises are confined to small homes, but with many older houses being sold in most cities. This includes houses 50 years of age and over in one-third of the reporting cities. In New England, houses from 150 to 200 years old were finding a more active market than they had in years.



93% of all cities reported that capital is definitely seeking real estate mortgage loans with only 2% of the cities reporting a shortage of mortgage money. The other 5% of all cities reported that supply and demand were in balance.

In ordinary times new building absorbs a large part of the new mortgage money seeking investment but in a period when new building is at a minimum in most cities and non-existent in others, the demand for mortgage money is not sufficient to absorb it.

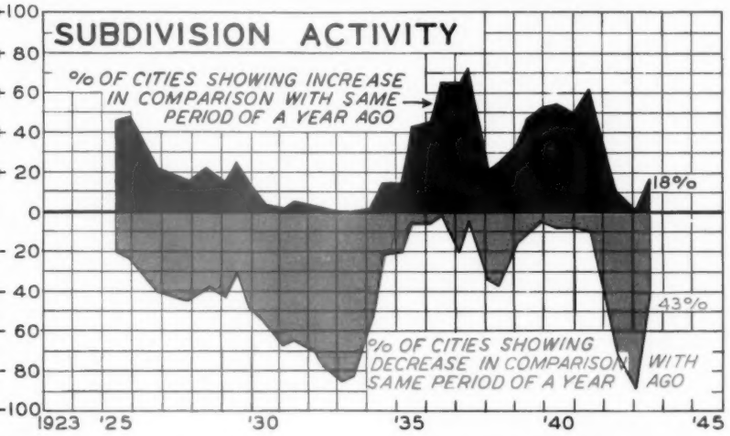
OF CITIES REPORTING INCREASES OR DECRE



Approximately 2/3 of all cities reported no change in mortgage interest rates. Only 3% of the cities reported mortgage interest rates rising, while 31% of the cities reported them falling.

For new private war housing the rate is almost universally 4½%. Taking in all types of home loans, the survey shows that 4½% has become the most common rate in 11% of the cities. 6% money for home loans is still the most common percentage in 28% of all urban areas. 5% interest is by far the commonest rate on first mortgages on moderately priced homes.

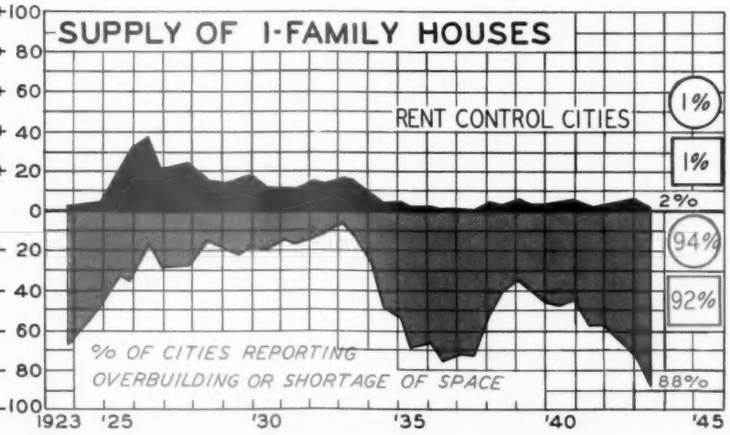
It will be noticed on the chart above that since 1935 there have been very few cities reporting rising interest rates. Since this time the greater percentage have reported no change but from 49 to 10% have reported a decrease.



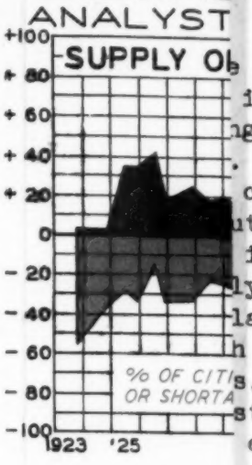
The chart to the left shows the changes in comparison with a year ago in subdivision activity. Only 18% of the cities showed an increase while 43% of the cities showed a decrease. This is to be expected with civilian home building suspended for the duration. Little selling of subdiyided lots will take place during the war for post-war building.

The chart below shows that only 2% of the cities reported an oversupply of single-family houses while 88% reported a shortage. If these figures are confined to rent control cities, only 1% of these cities reported a surplus and 94% reported a shortage. If the figures are computed for war industry cities only 1% of these cities reported a surplus and 92% reported a shortage.

These shortages are the most acute recorded during the past twenty years and are probably more acute than have ever been experienced before in the United States. A projection of the shortages in single-family houses and apartments would indicate that at the present time approximately 925,000 additional units are needed to take care of the present demand.



Two-thirds of the cities reported that the supply of housing accommodations for rent had shrunk because of the OPA requirement of 1/3 down payment and a three-months' waiting period for eviction. In 2/3 of the cities it was report-



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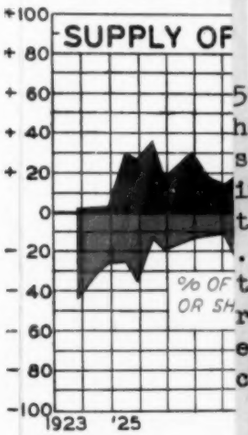

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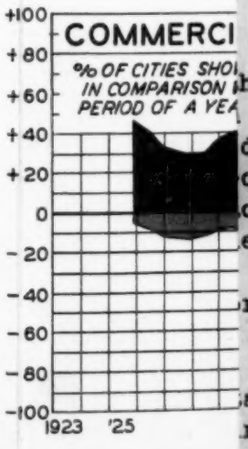
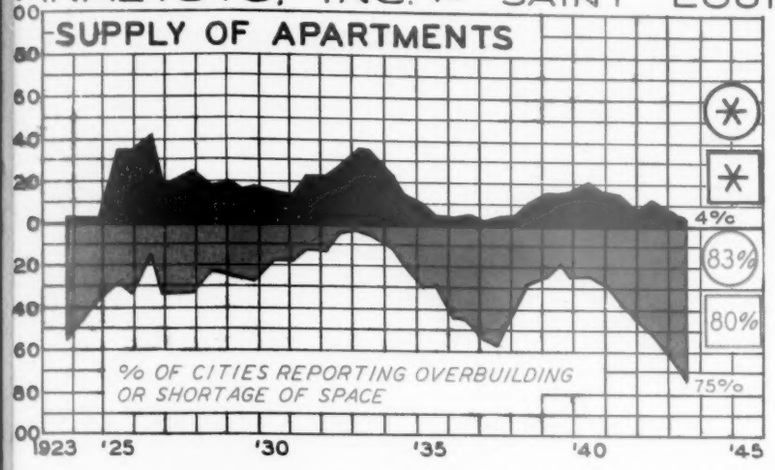
Commercial



DECREASES IN VARIOUS REAL ESTATE

ANALYSTS, INC. ~ SAINT LOUIS

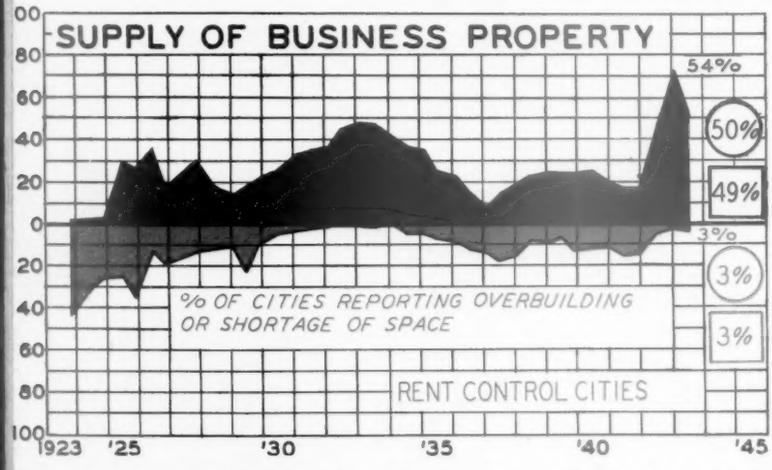


ed that for sale properties had been removed from the rental market with some cities reporting percentages exceeding 75% of all for sale properties being withdrawn.

Only 4% of the cities reported a surplus of apartment space while 75% reported a shortage. If these figures are compiled for rent control areas only, less than 1% reported an oversupply and 83% reported a shortage.

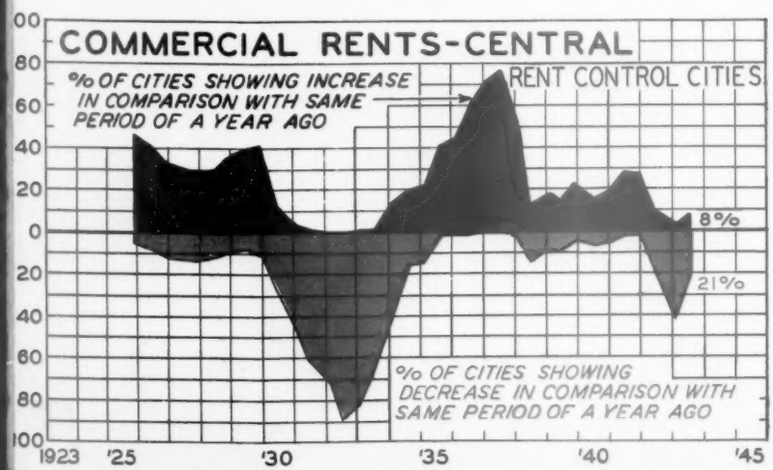
If compiled for war industry areas nly, less than 1% reported an oversupply with 80% reporting a shortage.

It appears from these figures that the OPA limitation on sales has accentuated the hortage it tried to correct. The owner of a house for sale cannot be blamed for witholding it from the rental market if by renting it his chance of being able to sell it is greatly reduced due to the down payment requirement and the more than 3 months' limitation on the eviction of a tenant in case of sale. The down payment requirement has since been changed to 20% in place of 33-1/3%.



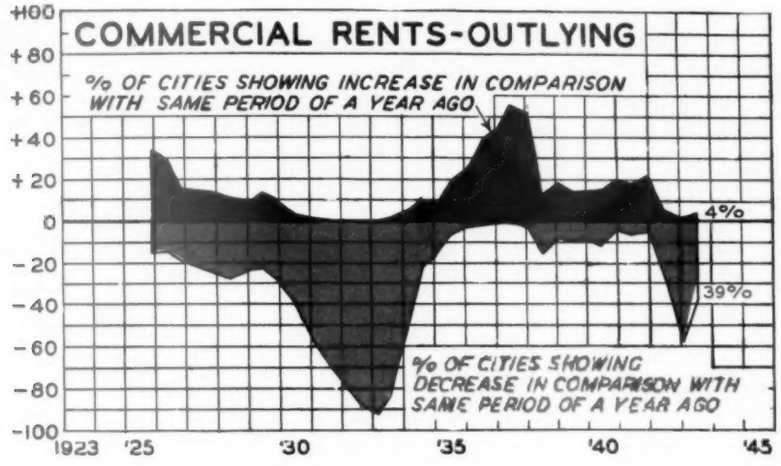
Store properties are not in demand with 54% of the cities reporting an oversupply, 43% a balance of supply and demand and 3% a shortage. In rent control cities 50% report an oversupply and in war industry areas 49%. In 1941 only 18% of the cities reported an oversupply but he shortage of merchandise since then has increased the vacancy in this type of proper-y. It is quite surprising, however, that the figures show a smaller number of cities ith an oversupply than was shown by the survey of six months ago.

Commercial rents in the central district showed no change in 71% of the cities. In 8% of the cities these rents were rising and in 21% they were falling. In war industry centers one city out of every two shows an oversupply of retail business space. Second-grade and third-grade locations have suffered most. 20% of all reporting cities expect a further slump in demand for retail space in the next six months.



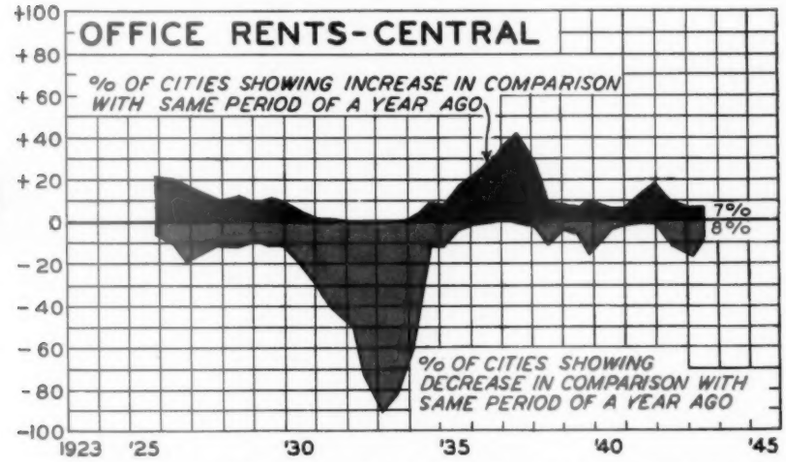
In outlying districts as shown by the chart at the top of page 303 the decline in commercial rents is greater than it has been in the central districts. In

FACTORS



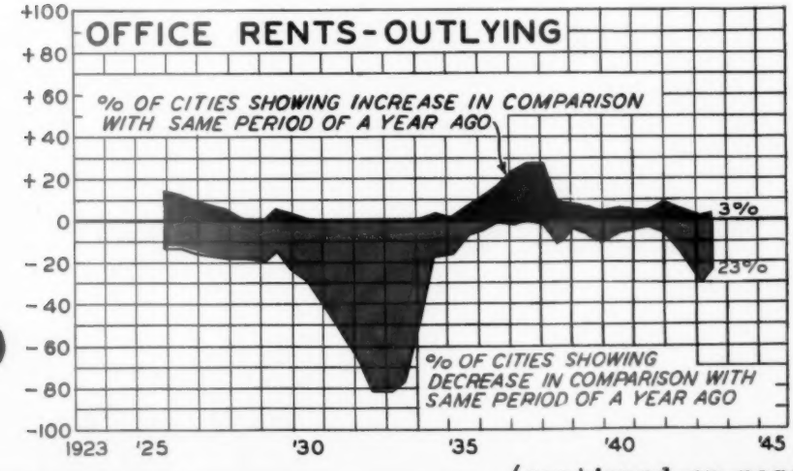
only 4% of the cities were rents of this type increasing, in 57% they were showing no change and in 39% they were dropping. The largest percentage of cities showing higher rents in outlying business districts were in the Southwest, but peculiarly the same district showed the largest percentage of cities with lower rents in the sub-centers. In the cities of the Southwest only 29% showed no change in either direction.

The chart at the center of this page shows the percentage of cities in which office rents are rising and those in which they are falling in the central business district. It will be noticed that in 7% of the cities office rents are rising and that in 8% they are falling, leaving 85% in which there has been no change.



The cities of over 500,000 population have made the best showing, as in 25% of these cities rents are rising, in 70% they are staying constant, and in 5% they are declining. The poorest showing is in cities of under 25,000 people, where only 2% of these cities showed increases, 88% showed no change, and 10% showed decreases.

The chart at the bottom of the page shows office building rents in sub-centers. The trends here have not been as favorable as they have been in the central district. Only 3% of the cities showed increasing rents, 74% showed no change and 23% showed a downward drift. New England made the poorest showing with no cities showing an increase and with 42% of all cities showing a decrease.



The greatest gains shown by the National Association survey this year were in the demands for farms. 94% of the recording communities showed farm activity above a year ago with the other 6% reporting no change. Not a single community reported a drop.

Industrial real estate appeared quite healthy in this

(continued on page 304)

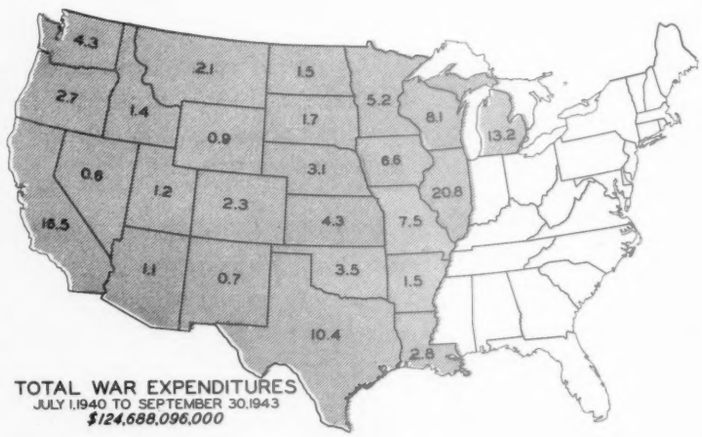
(continued from page 303)

survey. In 27% of reporting cities local industries are already planning plant expansion of some kind after the war. In 65% of the reporting cities all usable factory space is in use. At the present time 67% of the reporting cities have no warehouse space. The war has increased the percentage of factory space of the modern, one-story type. One out of every four cities says that at least half of the local manufacturing space is now of the one-story type.

WAR EXPENDITURES

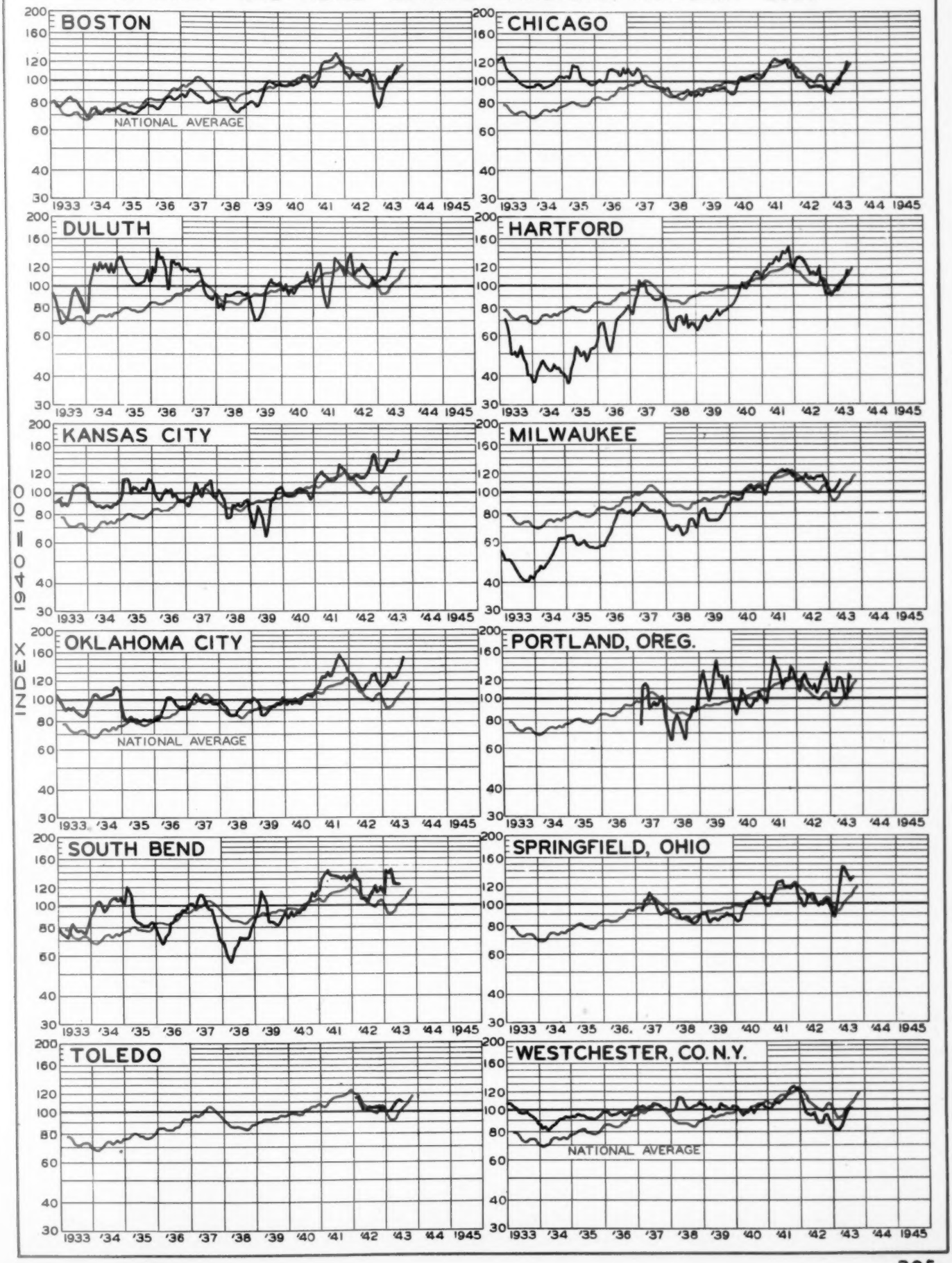
DURING September, war expenditures totaled 6,952 billion dollars. Of this $1,908,951,000 was for the Navy, $4,040,778,000 for the Army, and the rest for other war activities.

Our total war expenditure from July 1, 1940, to the end of September 1943 is $124,688,096,000. According to the National Industrial Conference Board estimates, this amount approximates the total wealth of all the states west of the Mississippi, plus Wisconsin, Illinois and Michigan. The shading of these states in red on the map below helps to visualize the immensity of the war expenditure figure. The large figures on each state show the estimated wealth expressed in billions of dollars.



TOTAL WAR EXPENDITURES
JULY 1,1940 TO SEPTEMBER 30,1943
$124,688,096,000

REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

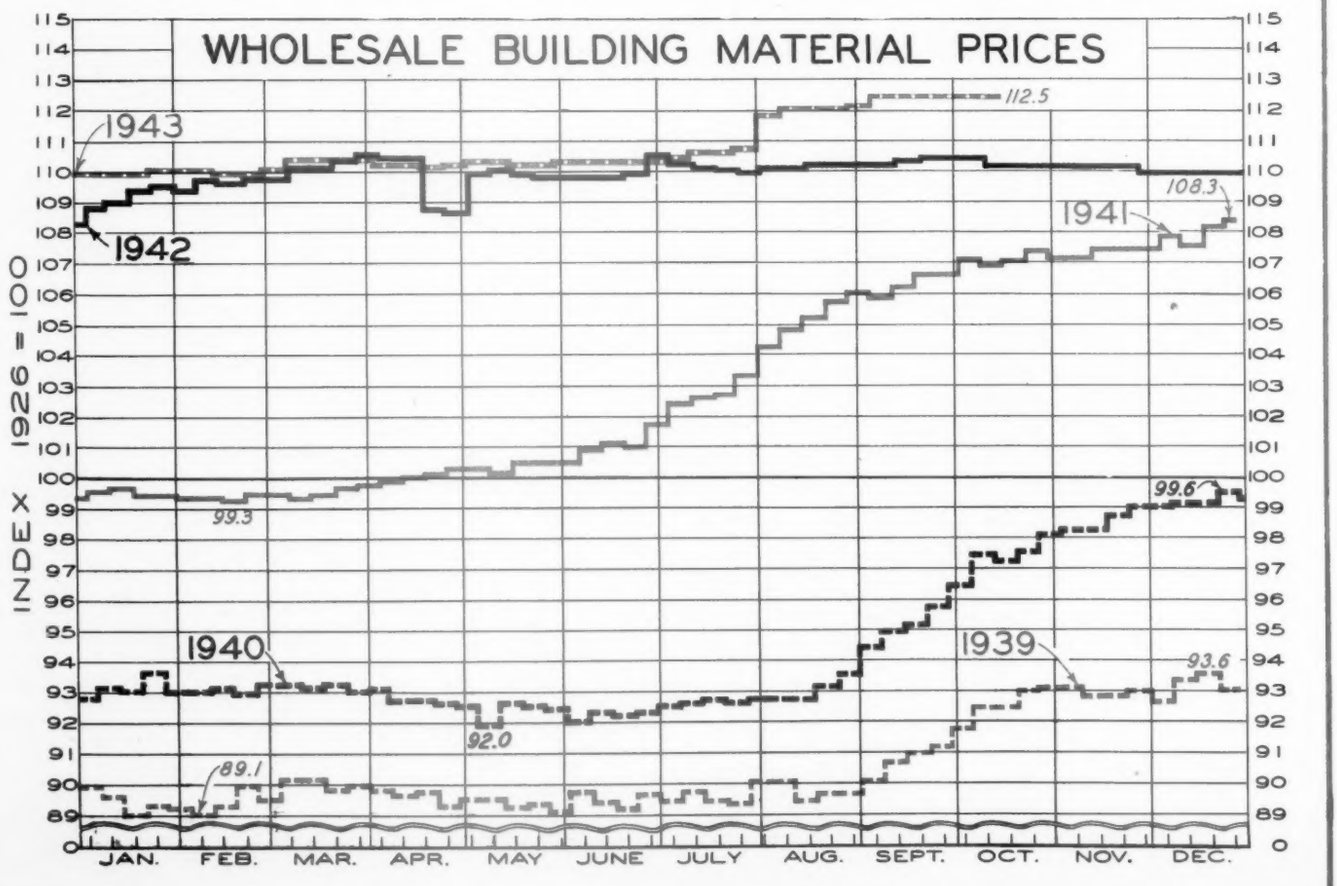


DWELLING UNITS CONSTRUCTED IN 48 STATES

THE number of new family accommodations built in all nonfarm communities of the 48 states and the District of Columbia is shown in the table below. Cumulative totals and twelve month moving totals for 1942 (blue) and 1943 (red) are given.

THOUSANDS OF UNITS

	MONTHLY			CUMULATIVE			12 MONTH MOVING TOTAL		
	1941	1942	1943	1941	1942	1943	1941	1942	1943
JANUARY	41.2	34.3	49.0	41.2	34.3	49.0	617.7	708.3	508.0
FEBRUARY	43.7	51.5	35.1	84.9	85.8	84.1	624.5	716.1	491.6
MARCH	60.2	52.5	30.6	145.1	138.3	114.7	638.7	708.4	469.7
APRIL	75.2	59.2	28.0	220.3	197.5	142.7	651.0	692.4	438.5
MAY	70.7	60.9	34.2	291.0	258.4	176.9	664.7	682.6	411.8
JUNE	77.2	46.2	22.9	368.2	304.6	199.8	697.9	651.6	388.5
JULY	74.6	27.2	23.3	442.8	331.8	223.1	715.0	604.2	384.6
AUGUST	69.8	27.5	27.0	512.6	359.3	250.1	729.1	561.9	384.1
SEPTEMBER	67.0	44.8	21.2	579.6	404.1	271.3	737.7	539.7	360.5
OCTOBER	56.2	29.9		635.8	434.0		727.7	513.4	
NOVEMBER	46.6	29.8		682.4	463.8		729.4	496.6	
DECEMBER	32.8	29.5		715.2	493.3		715.2	493.3	



EXECUTIVE DIGEST

OCTOBER 30
1943

OF THE CURRENT REAL ESTATE ANALYST REPORTS

REAL ESTATE ANALYSTS, INC.

Real Estate Economists, Appraisers and Counselors

VOLUME XII

Roy Wenzlick
Editor

REAL ESTATE ACTIVITY

The preliminary figure for real estate activity in September shows it 19.9% above the computed long-term normal. The final figure for August was 16.3% above, which is considerably better than the 15.2% preliminary figure shown in the September Executive Digest. It is rather interesting that the final figure for each month in the recent past has shown a considerable increase over the preliminary figure.

The September figure on real estate activity would be influenced only very slightly by the change on September 16 of the down payment requirement for the purchase of a house. On that date the OPA changed the minimum down payment on a rented house from one-third to 20%. The October figure will be the first figure which will reflect any increased activity from this cause.

REAL ESTATE MORTGAGES

Real estate mortgage activity has changed very little during the last four months and during this period has averaged very close to the average of 1942. In view of the almost complete stoppage of new building this is quite interesting as usually mortgage activity and building activity follow each other rather closely. Mortgage money has been quite plentiful with interest rates fairly low resulting in considerable refinancing of existing mortgages. This has helped to maintain the volume.

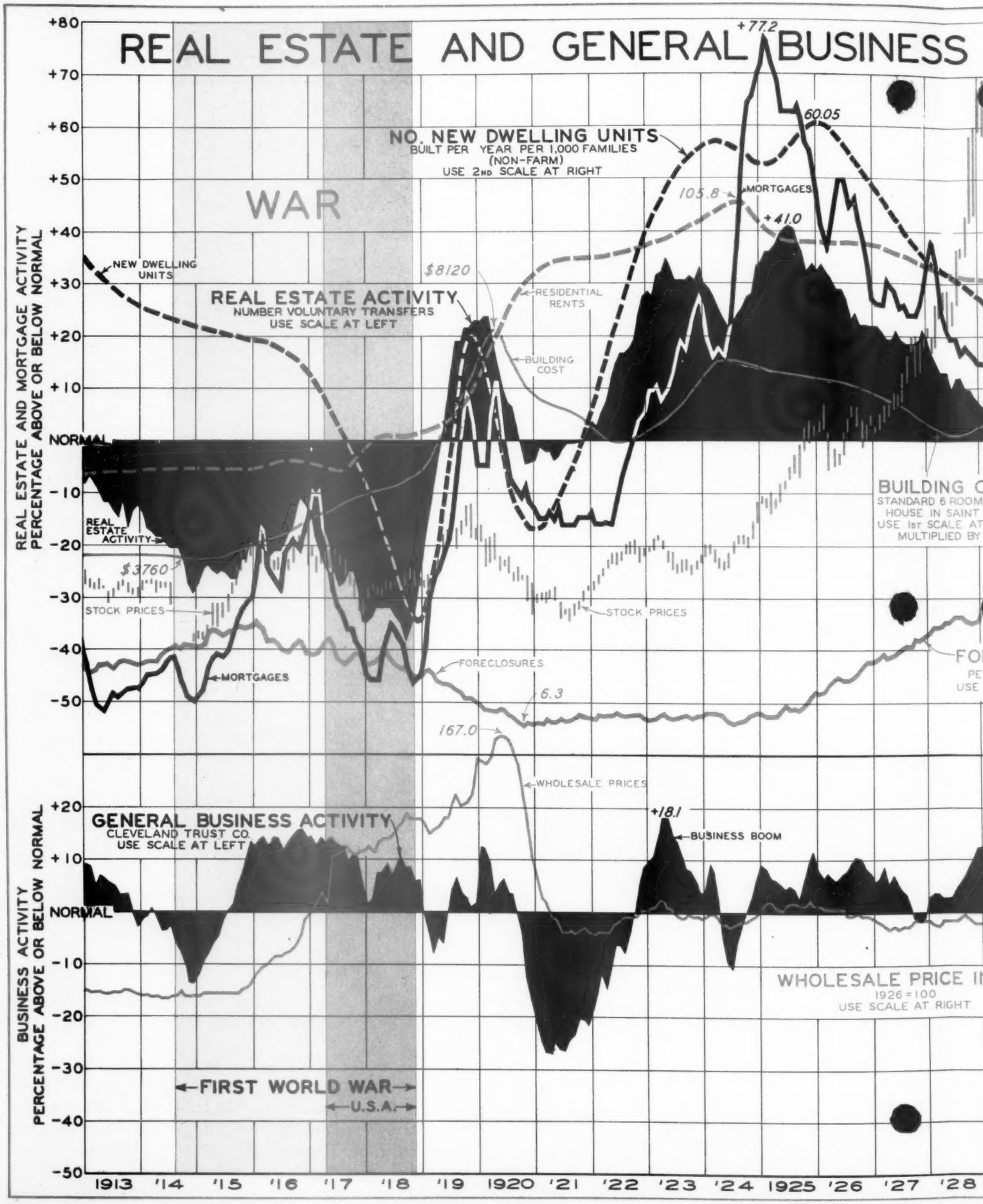
RESIDENTIAL BUILDING

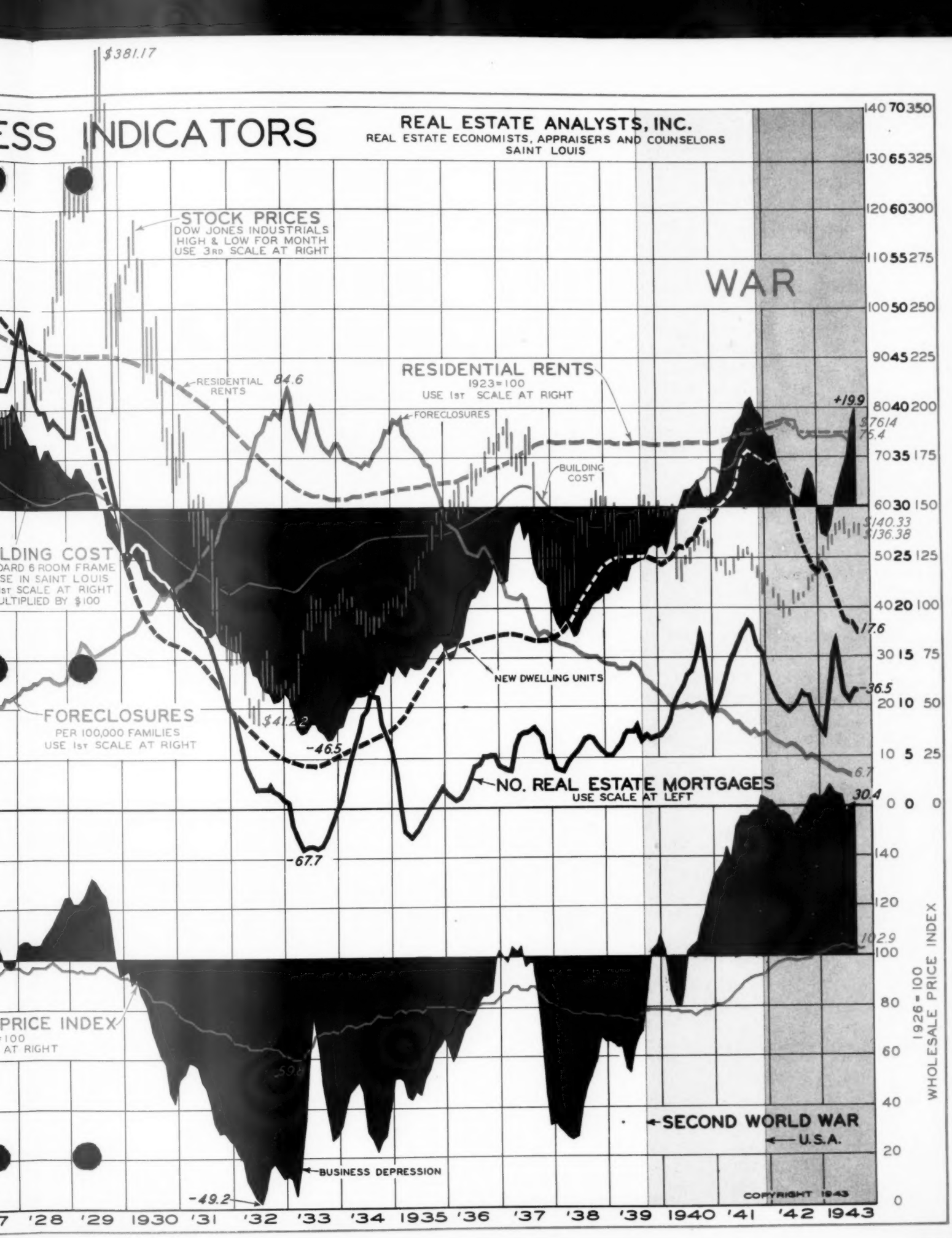
The number of dwelling units built per year per thousand families in all nonfarm areas of the United States showed a further drop from the figure of a month ago. New building is now proceeding at a rate of 17.6 new family accommodations per thousand families per year. This is the lowest figure since 1937 but new building will shrink considerably further during the continuation of the war in Europe.

Building materials will remain scarce with the shortage of lumber becoming acute during the next six months. Steel and copper will be at a premium until a decision is reached with Germany; will be fairly plentiful during the balance of the war.

BUILDING COSTS

The cost of building the typical six-room frame residence in St. Louis on October 22 showed no change from the figure of last August. In August, however, the price of building the house had jumped by $270. We are being told by building material dealers that the cost of certain materials will be higher in November and we think it probable that several increases will come


REAL ESTATE AND GENERAL BUSINESS
NO. NEW DWELLING UNITS
BUILT PER YEAR PER 1,000 FAMILIES
(NON-FARM)
USE 2ND SCALE AT RIGHT
+77.2
60.05
105.8
MORTGAGES
+41.0
WAR
NEW DWELLING UNITS
$8120
REAL ESTATE ACTIVITY
NUMBER VOLUNTARY TRANSFERS
USE SCALE AT LEFT
RESIDENTIAL RENTS
BUILDING COST
REAL ESTATE AND MORTGAGE ACTIVITY
PERCENTAGE ABOVE OR BELOW NORMAL
+80
+70
+60
+50
+40
+30
+20
+10
NORMAL
-10
-20
-30
-40
-50
REAL ESTATE ACTIVITY
$3760
STOCK PRICES
MORTGAGES
FORECLOSURES
6.3
167.0
WHOLESALE PRICES
BUILDING C
STANDARD 6 ROOM
HOUSE IN SAINT
USE 1st SCALE AT
MULTIPLIED BY
STOCK PRICES
FO
PE
USE
GENERAL BUSINESS ACTIVITY
CLEVELAND TRUST CO.
USE SCALE AT LEFT
+18.1
BUSINESS BOOM
BUSINESS ACTIVITY
PERCENTAGE ABOVE OR BELOW NORMAL
+20
+10
NORMAL
-10
-20
-30
-40
-50
WHOLESALE PRICE I
1926=100
USE SCALE AT RIGHT
FIRST WORLD WAR
U.S.A.
1913
'14
'15
'16
'17
'18
'19
1920
'21
'22
'23
'24
1925
'26
'27
'28


$381.17
ESS INDICATORS
REAL ESTATE ANALYSTS, INC.
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS
SAINT LOUIS
STOCK PRICES
DOW JONES INDUSTRIALS
HIGH & LOW FOR MONTH
USE 3RD SCALE AT RIGHT
WAR
RESIDENTIAL RENTS
1923=100
USE 1ST SCALE AT RIGHT
RESIDENTIAL RENTS
84.6
FORECLOSURES
BUILDING COST
+19.9
$76.14
75.4
LDING COST
OARD 6 ROOM FRAME
SE IN SAINT LOUIS
1ST SCALE AT RIGHT
ULTIPLIED BY $100
$140.33
$136.38
17.6
NEW DWELLING UNITS
-36.5
FORECLOSURES
PER 100,000 FAMILIES
USE 1ST SCALE AT RIGHT
$41.22
-46.5
6.7
NO. REAL ESTATE MORTGAGES
USE SCALE AT LEFT
30.4
-67.7
PRICE INDEX
=100
AT RIGHT
59.8
102.9
SECOND WORLD WAR
U.S.A.
BUSINESS DEPRESSION
-49.2
COPYRIGHT 1943
1926=100
WHOLESALE PRICE INDEX
140 70 350
130 65 325
120 60 300
110 55 275
100 50 250
90 45 225
80 40 200
70 35 175
60 30 150
50 25 125
40 20 100
30 15 75
20 10 50
10 5 25
0 0 0
140
120
100
80
60
40
20
0
'27 '28 '29 1930 '31 '32 '33 '34 1935 '36 '37 '38 '39 1940 '41 '42 1943

through by that time. So long as the war lasts we believe that any changes in costs are most likely to be upward.

BUSINESS ACTIVITY

It is quite apparent from the chart on the center spread of this report that general business activity has passed its peak and is now continuing sideways at a level slightly below the levels of the first quarter of the year.

It seems doubtful whether the records of the first quarter will be exceeded during 1943 as government expenditures have probably passed the peak. During the past two years we have supplied the necessary military equipment to take care of the armed forces now in the field, with the principal job from now on being the maintenance and supply rather than the furnishing of initial equipment. This latter job, however, as long as the war lasts in Europe is of sufficient size that very little slack can be expected in basic raw materials, enabling any great degree of conversion back to consumer products.

FORECLOSURES

The new figure for foreclosures is not yet available but there can be but little doubt that the downward trend of the past three years is continuing. There is no reason to expect an increase in foreclosures until such time as building costs have passed their peak. Several years after that point is reached, however, foreclosures will start to increase.

RESIDENTIAL RENTS

There has been no change in the rent index since October 1942 and there will probably be none during the balance of 1943. Rent control in every country is working at least insofar as holding the rent level from rising. In our opinion rent control will not be seriously modified until the conclusion of the war in Europe and will probably not be greatly modified until the war in the Pacific has been concluded.

WHOLESALE PRICES

The general price level showed a fractional increase in October above the level for September, but there has been relatively little change during the past six months and there will probably be very few changes between now and the first of the year. Subsidies are being used in some cases to prevent price rises. Any change from now to the first of the year will probably be upward.

STOCK MARKET

The stock market has been holding quite well in recent weeks after the long rise and the short drop. We cannot expect a runaway market, however, on the up-side in the near future, but should such a movement begin the Federal Reserve has the right to put the entire market on a cash basis which would probably stop any marked increase for a while.

AGRICULTURAL BULLETIN

OCTOBER 30
1943

PUBLISHED IN THE INTERESTS OF REAL ESTATE ANALYST SUBSCRIBERS BY

REAL ESTATE ANALYSTS, INC.

Real Estate Economists, Appraisers and Counselors

Roy Wenzlick
Editor

VOLUME XII

AVERAGE FARM-MORTGAGE DEPT PER CAPITA

THE charts on the following pages show average mortgage debt per capita of farm population in each of the forty-eight States shown in blue, compared in each case with the national average shown in red. Annual figures from 1910 to 1943 inclusive are given for each State and the national average.

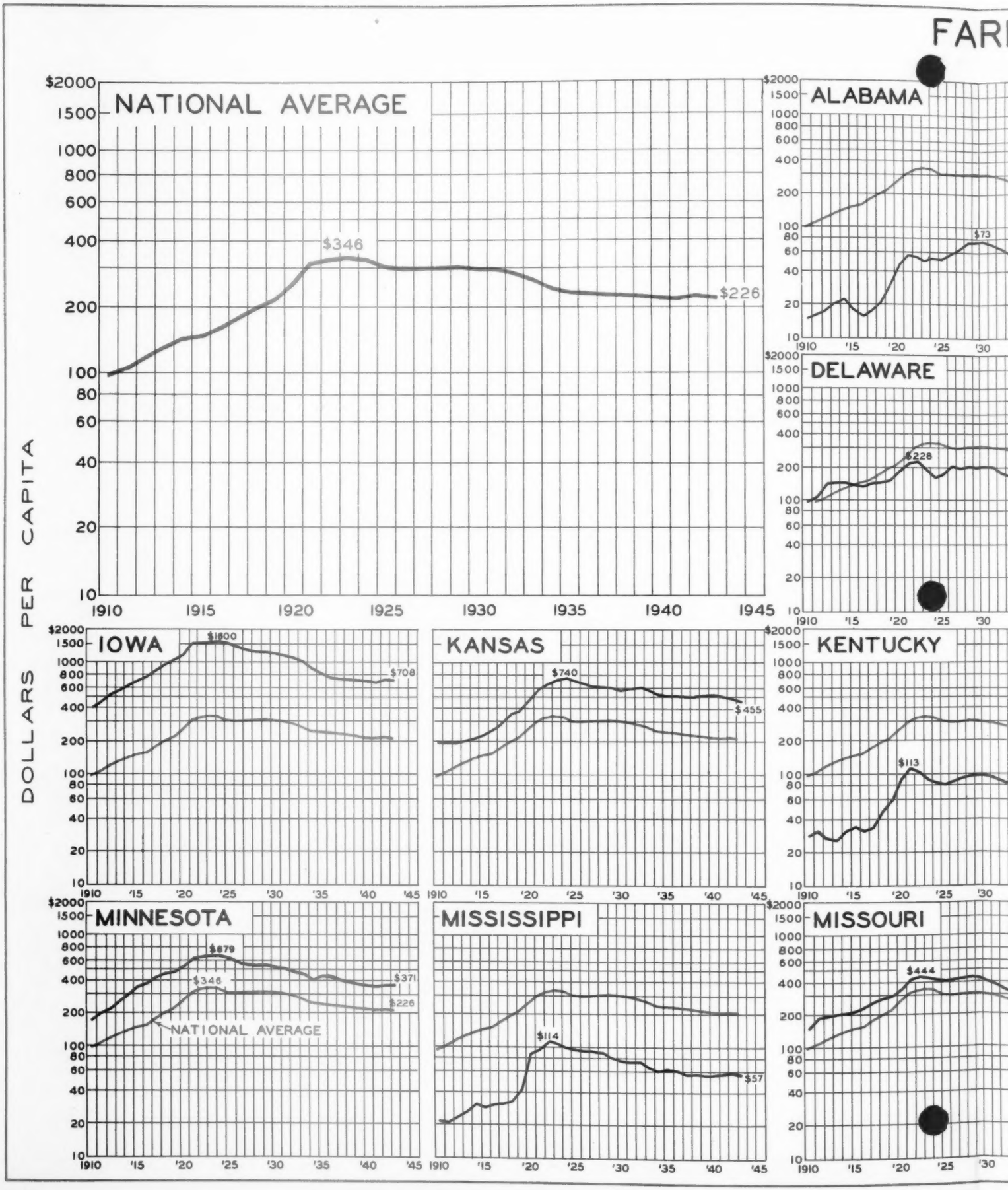
It will be noticed that there is a wide variation among the States above and below the national average, because of the variations of land values, the percentage of farms mortgaged, and particularly because of the great differences in the sizes of farms in the different States. In the comparatively sparsely settled States of the West with farms of large acreage, the per capita mortgage debt is high in spite of low values per acre. Generally, in the Southern States, where the sizes of farms are average but the values are low, the debt per capita is below the national average.

The pattern of the national average shows that mortgage debt increased about 215% between 1910 and 1923 and then slowly declined, until in 1943 the drop was 34.5% below the peak in 1923. The principal factor in common among all of the States is the increase in greater or less degree in per capita debt during the period 1910 to 1920. In all of the States except Utah, Vermont and New Hampshire the peak was reached during the period 1920 to 1930, after which there was a more or less pronounced decline. In the three States above mentioned the peak debt per capita was reached in 1943.

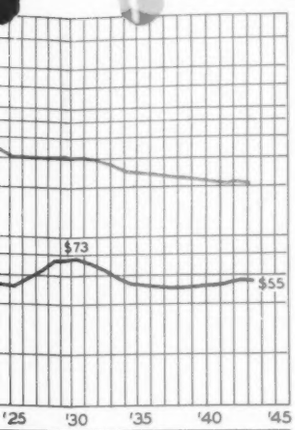
In every State the per capita mortgage debt was greater in 1943 than in 1910, ranging from 1.7 times in New York to 9.9 times in Arizona, with the national average representing 2.26 times the 1910 level. The most violent fluctuations occurred in South Dakota, which shows that the average mortgage debt per capita increased from $230 to $1238 (430% increase) from 1910 to 1924 and then declined to $430 by 1943 (64.4% decline).

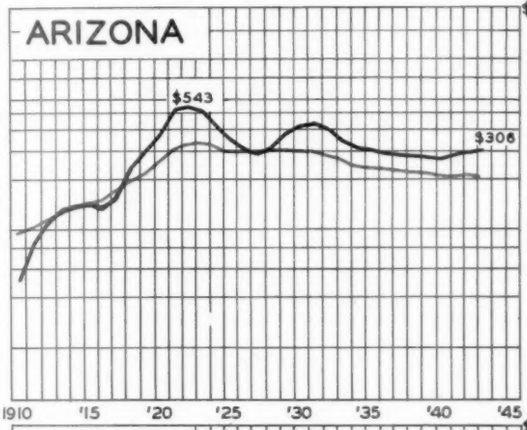
In the older, well-developed States with little marginal land the land boom following World War I caused only moderate increases in per capita mortgage debt, as indicated in such States as New York, Pennsylvania, Rhode Island, etc. A small part of the increases in per capita debt in such States probably results from the shrinkage in the size of the rural-farm family between 1910 and 1940.

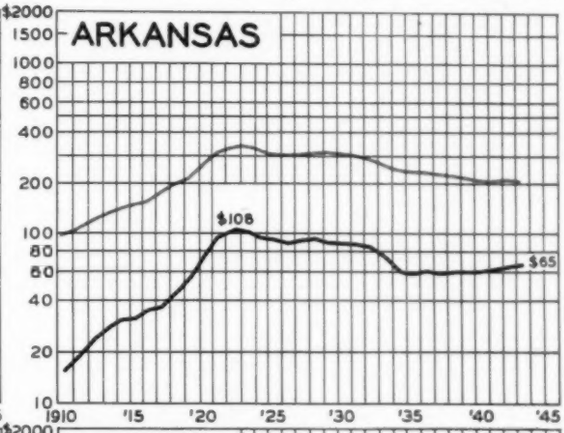
Today there is some discussion of ways to curtail speculation in farm lands resulting from the present high prices and high farm income, which, unchecked following World War I, had such disastrous results, especially in the mortgage field. Today there are indications of more effective control through excessive income taxes on profits derived from speculation in property of all types.

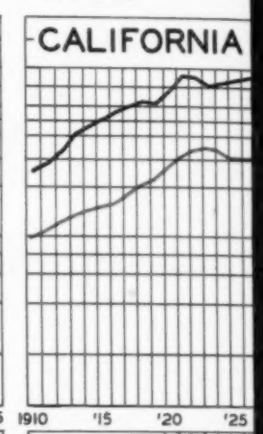

DOLLARS PER CAPITA
NATIONAL AVERAGE
$346
$226
ALABAMA
$73
DELAWARE
$228
IOWA
$1600
$708
KANSAS
$740
$455
KENTUCKY
$113
MINNESOTA
$679
$346
$371
$226
NATIONAL AVERAGE
MISSISSIPPI
$114
$57
MISSOURI
$444
1910
'15
'20
'25
'30
'35
'40
'45

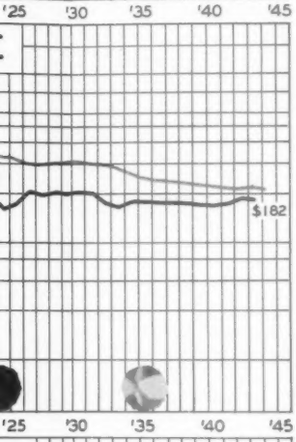
FARM-MORTGAGE DEBT PER CAPITA BY STAT

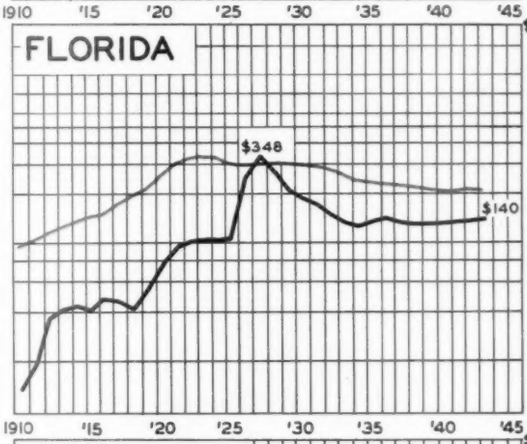


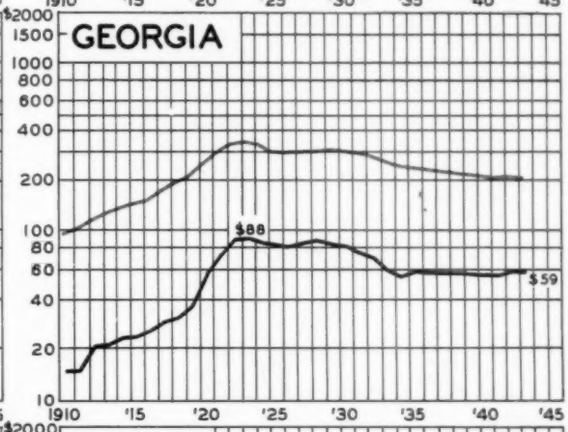


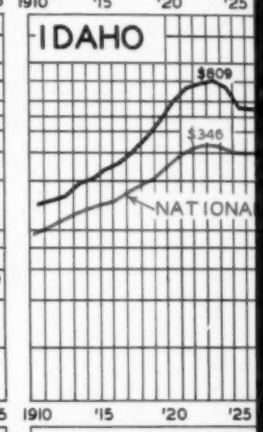


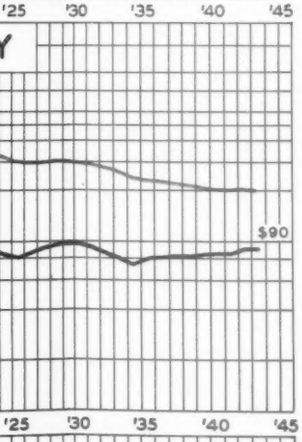


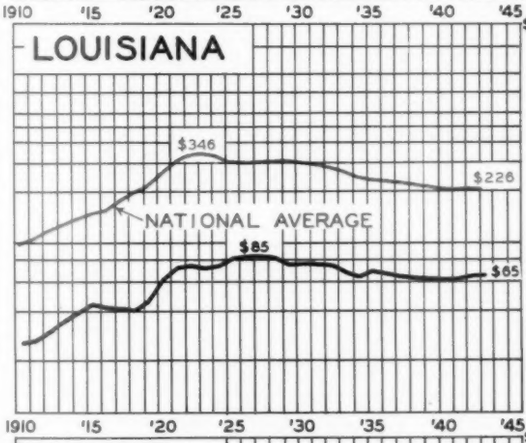


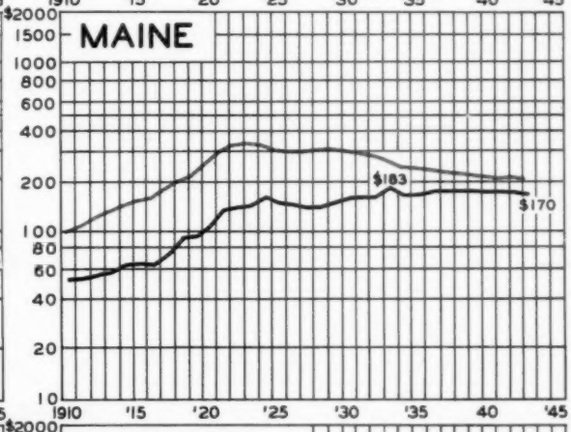


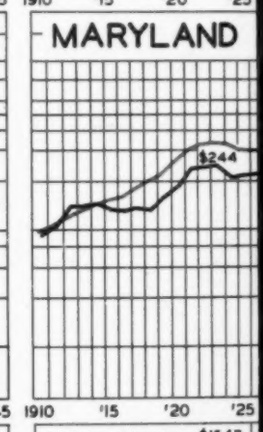


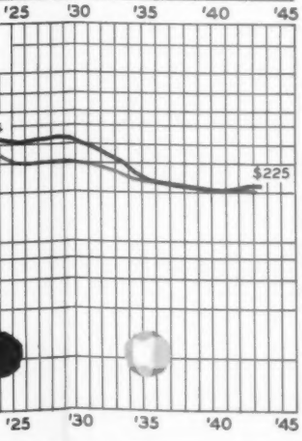


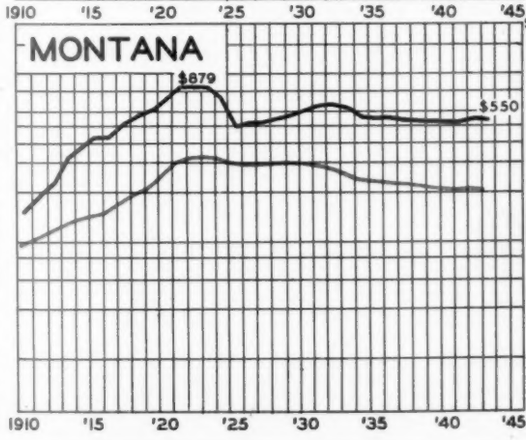


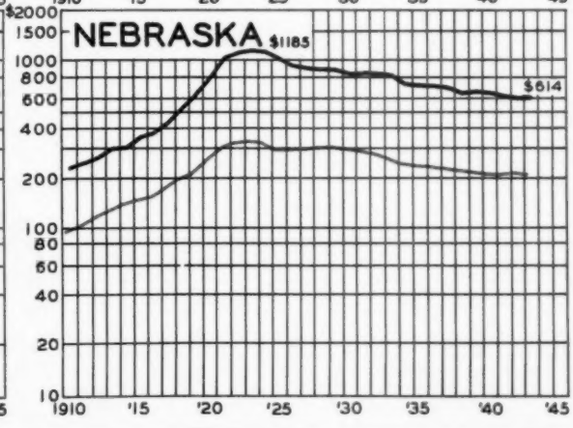


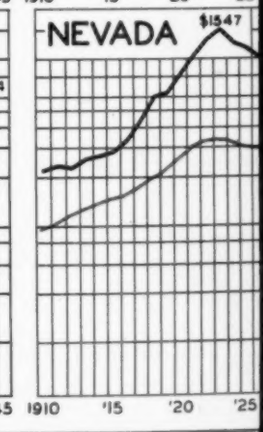






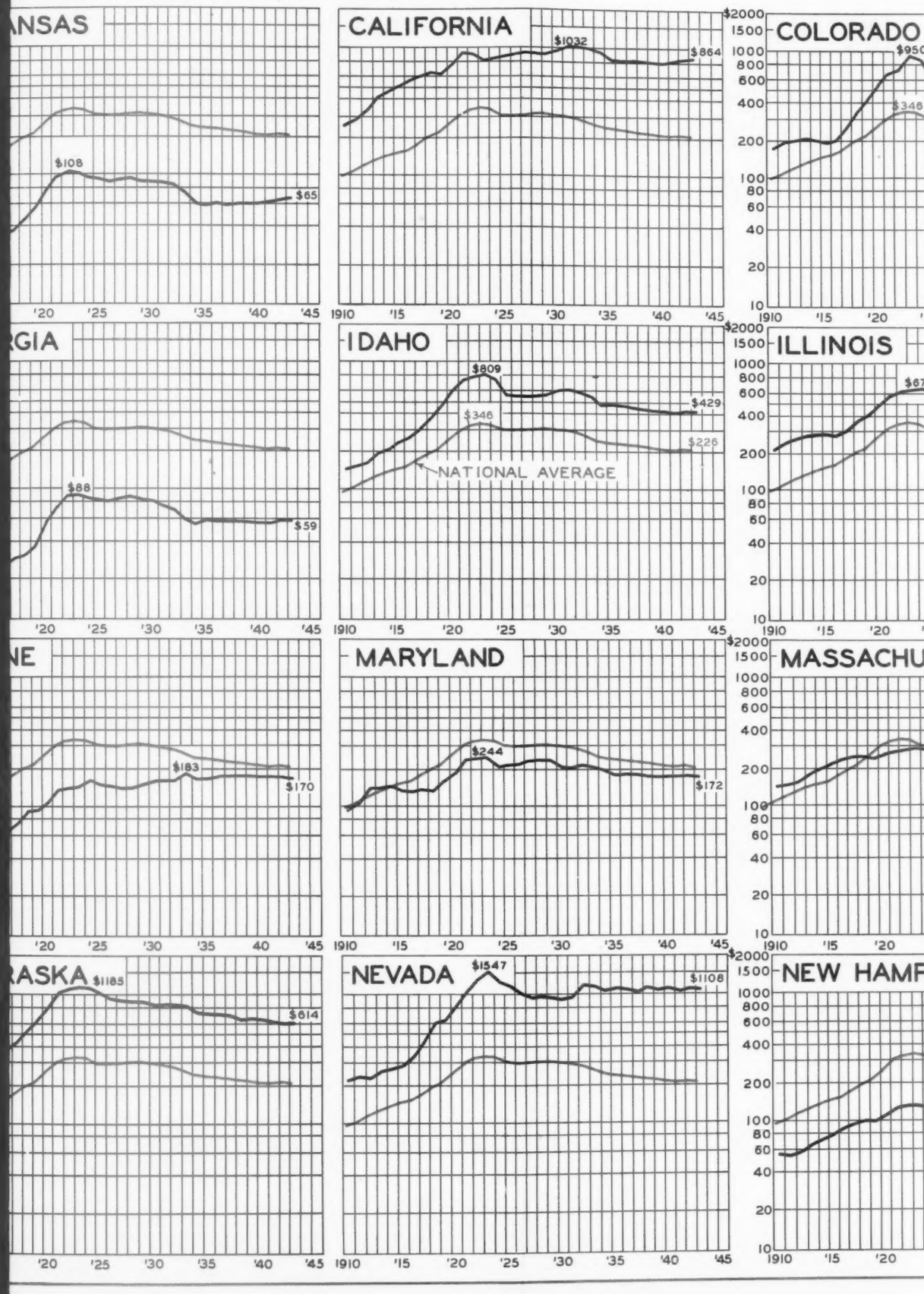


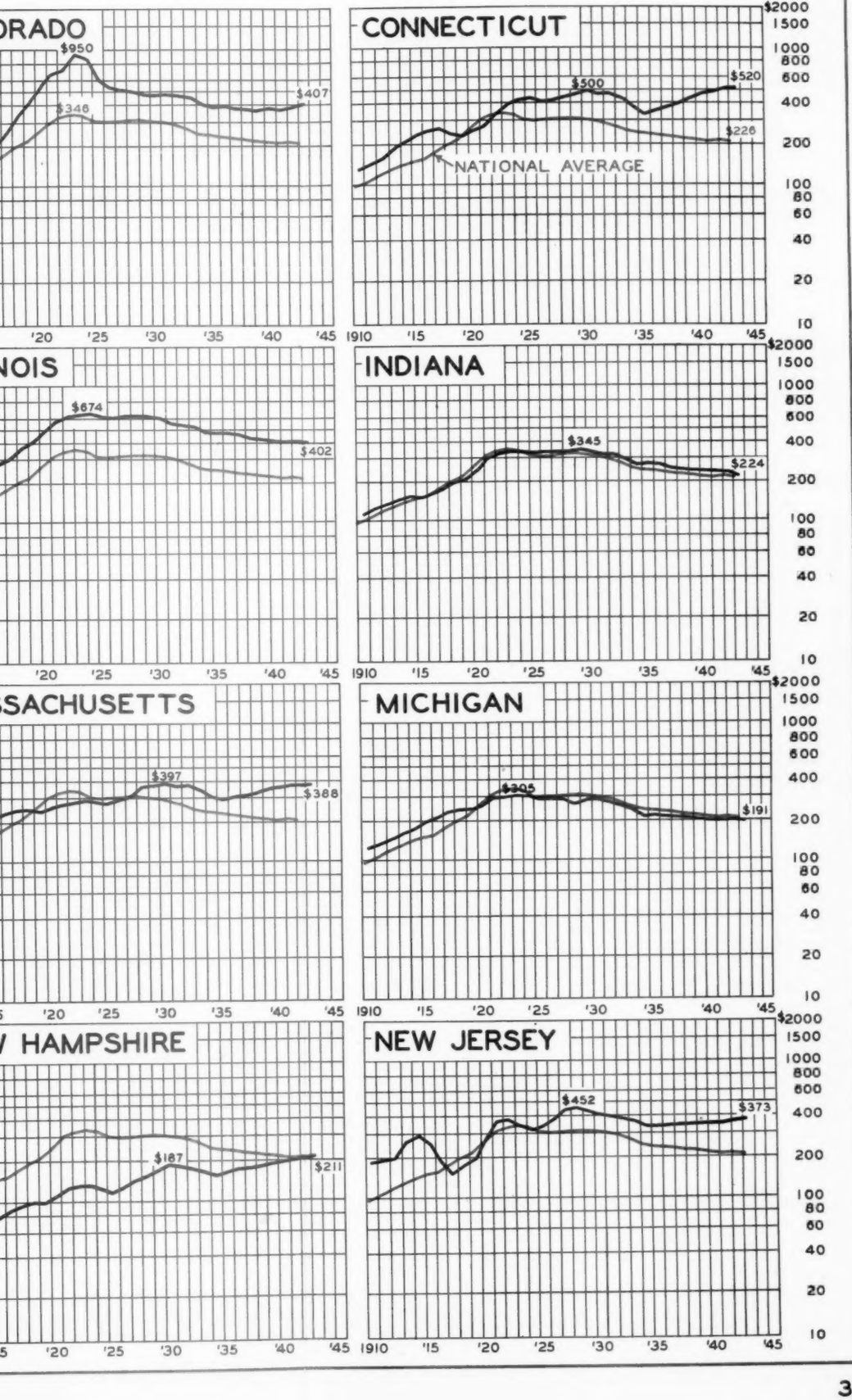




CAPITA BY STATES

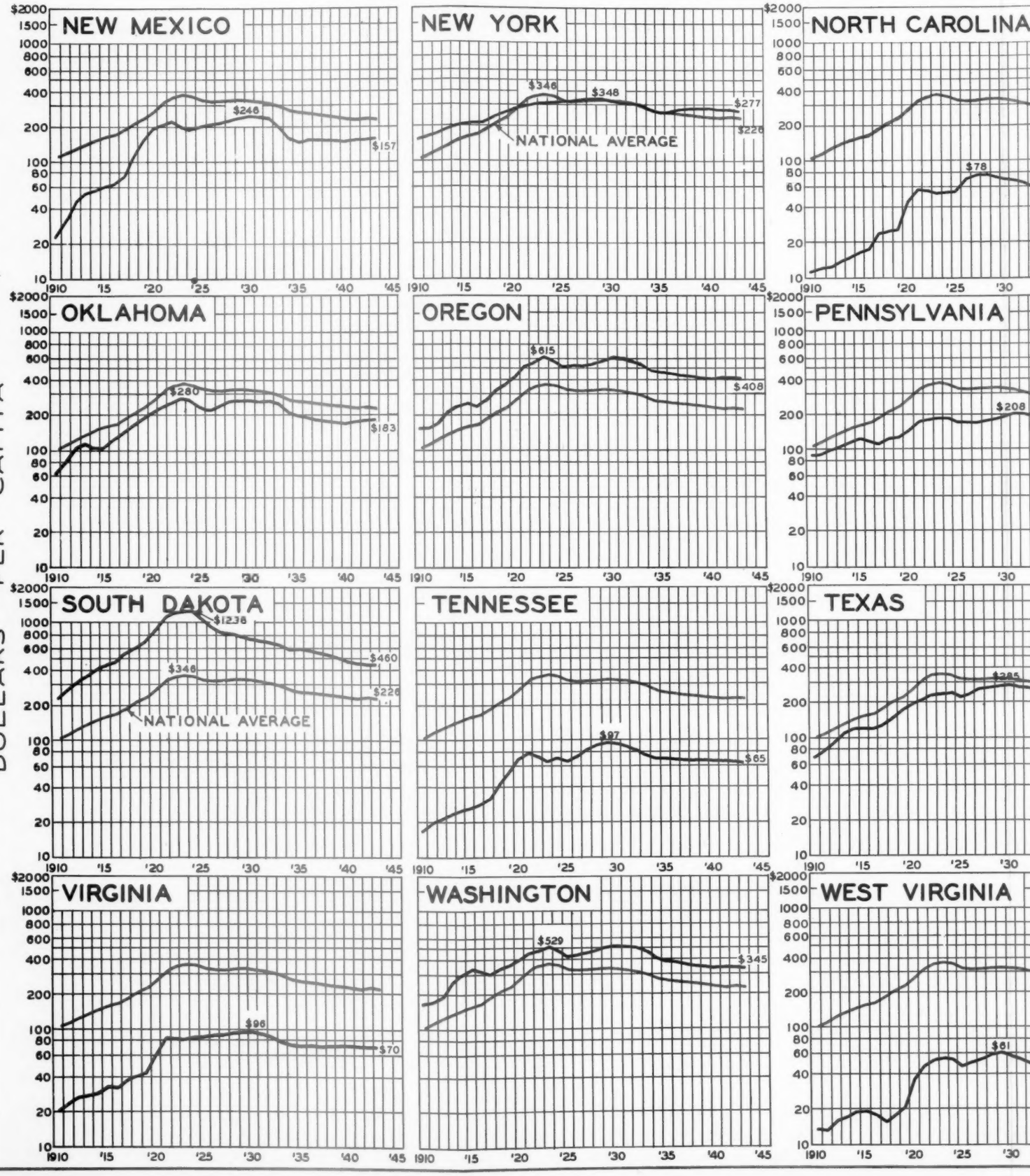
LYSTS, INC. ~ SAINT LOUIS




ORADO
$950
$346
$407
'20 '25 '30 '35 '40 '45
CONNECTICUT
$500
$520
$226
NATIONAL AVERAGE
1910 '15 '20 '25 '30 '35 '40 '45
$2000
1500
1000
800
600
400
200
100
80
60
40
20
10
NOIS
$674
$402
INDIANA
$345
$224
SSACHUSETTS
$397
$388
MICHIGAN
$305
$191
W HAMPSHIRE
$187
$211
NEW JERSEY
$452
$373

FARM-MORTGAGE DEBT PE

DOLLARS PER CAPITA



PER CAPITA BY STATES

ATE ANALYSTS, INC. ~ SAINT LOUIS